FOREIGN
BROADCAST
INFORMATION
SERVICE

Daily Report

East Asia

FBIS-EAS-95-007
Wednesday
11 January 1995

Daily Report
East Asia

FBIS-EAS-95-007 CONTENTS *11 January 1995*

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

NORTHEAST ASIA

Japan

- Kono, Christopher Discuss DPRK, Chechnya *[KYODO]* 1
- Tokyo, Seoul, Washington Agree on KEDO Ties *[KYODO]* 1
- Editorial on Substance of Murayama-Clinton Summit *[ASAHI SHIMBUN 9 Jan]* 2
- Foreign Investment Talks With U.S. Reviewed *[NIHON KEIZAI SHIMBUN 7 Jan]* 3
- Milestones for Technology Access Set With U.S. *[KYODO]* 3
- More Deregulation by Finance Ministry Urged *[KYODO]* 3
- MOT To Partially Ease Regulations on Auto Parts *[ASAHI SHIMBUN 10 Jan]* 4
- Ex-Im Bank Chief Views Mexican Currency Crisis *[KYODO]* 4
- Mexican Secretary General Continues Official Visit 4
  - Assures Monetary Crisis Temporary *[Mexico City NOTIMEX 10 Jan]* 4
  - Asks Four Banks for Loans *[KYODO]* 5
  - Banks 'Wary' of Offering Loans *[NIHON KEIZAI SHIMBUN 7 Jan]* 5
  - Mexico To 'Overcome' Peso Crisis *[KYODO]* 6
- Kono Says Kozyrev Cancels Planned Visit *[KYODO]* 7
- Takemura Arrives in Beijing for Three-Day Visit *[KYODO]* 7
  - Supports PRC's Entry Into WTO *[KYODO]* 7
  - Beijing Visit Reviewed *[NIHON KEIZAI SHIMBUN 11 Jan]* 8
- Tokyo, Beijing To Hold Nuclear Disarmament Talks *[SANKEI SHIMBUN 7 Jan]* 8
- Hashimoto Departs for India, Pakistan Visits *[KYODO]* 9
  - India To Receive $1 Billion *[KYODO]* 9
  - Hashimoto, India's Rao Meet *[KYODO]* 9
- Hashimoto Comments on APEC, Domestic Issues *[MAINICHI SHIMBUN 7 Jan]* 10
- Murayama: Taiwan Not Invited to APEC Forum *[YOMIURI SHIMBUN 6 Jan]* 11
- Space Project With Germany To Be Lanuched 21 Jan *[KYODO]* 11
- LDP Convention To Adopt New 'JF' Nickname *[KYODO]* 12
- * Group New Century Maneuvers for Power in LDP *[SEIKAI Dec]* 12
- Ozawa Hints at Forging Alliance With SDPJ Rebels *[NIHON KEIZAI SHIMBUN 10 Jan]* 16
- Impact of Hata-Ozawa Feud on NFP Assessed *[TOKYO SHIMBUN 6 Jan]* 16
- * New Frontier Party's Lack of Policy Criticized *[ASAHI SHIMBUN 25 Nov]* 17
- SDPJ Rebel Group To Form New Bloc 'Next Week' *[KYODO]* 18
- SDPJ Supporter Union Refuses To Back Yamahana *[KYODO]* 19
- * Timing of Elections, SDPJ Dissolution Viewed *[USHIO Dec]* 19
- * Soka Gakkai Adopting New Political Strategy *[THIS IS YOMIURI Jan]* 21
- * Politics on Trial Under New Election System *[ASAHI SHIMBUN 20 Nov]* 21
- Table of Diet Strength Reported *[KYODO]* 22
- Activities of Finance Ministry's 'Saito Group' *[SENTAKU Nov]* 22
- Banks' Brokerage Subsidiaries 'Faring Well' *[KYODO]* 26
- Yamaichi Securities Posts Midyear Loss *[KEIZAIKAI 13 Dec]* 26
- NTT To Unveil Multimedia Blueprint Within FY1994 *[KYODO]* 29
- DA To Start Developing New Warning Radar System *[NIHON KEIZAI SHIMBUN 4 Jan]* 29

North Korea

- Paper Urges 'Independent Stand' in Reunification *[KCNA]* 30
- Pomminnyon Appeals for Reunification Struggle *[KCNA]* 31
- Foreign Leaders Support Korean Reunification *[KCNA]* 31
- Movement for Repatriation of Prisoners Viewed *[KCNA]* 31
- Prisoners' Repatriation Group Formed in Congo *[KCNA]* 32

* Nuclear Non-Proliferation Treaty Criticized *[NODONG SINMUN 10 Sep]* 32
Japan's 'Political Power' Ambition Discussed *[KCNA]* 33
Anniversary of Palestinian Revolution Observed *[KCNA]* 34
ROK Magazine Carries Kim Chong-il Work *[KCNA]* 34
Foreign Sailors Praise Greatness of Kim Chong-il *[KCNA]* 35
Cambodian Envoy Visits Kim Il-song Statue *[KCNA]* 35
Kim Il-song Works Issued on 'World-Wide Scale' *[KCNA]* 35
Article Emphasizes Party's Economic Strategy *[MINJU CHOSON 24 Nov]* 36
Upswing in Production at Power Complex Praised *[Pyongyang Radio]* 38
Supung Power Plant Surpasses Production Plans *[Pyongyang Radio]* 39
Increased Cement Production Reported *[KCNA]* 39

South Korea

Participants Decide To Extend KEDO Meeting *[YONHAP]* 40
    Agree on Draft KEDO 'Contract' *[YONHAP]* 40
Authorities Begin Loading Heavy Oil for DPRK *[YONHAP]* 40
President Urges 'Flexible' Stand Toward DPRK *[YONHAP]* 41
First Imports of DPRK Apples Announced *[YONHAP]* 41
Samsung Group Delegation Arrives in DPRK *[Seoul Radio]* 41
* DPRK Defectors on 'Phobia Against War' *[NAEWOE TONGSIN 29 Sep]* 42
NUB: DPRK Grain Shortage 'Has Worsened' *[YONHAP]* 42
Scholar on Kim Chong-il, Kim Pyong-il Followers *[Seoul Radio]* 42
* 'Idolization' of Kim Chong-il's Mother Reported *[NAEWOE TONGSIN 29 Sep]* 43
Seoul: DPRK Invites U.S. Experts To Visit *[YONHAP]* 44
Stricter Security for U.S. Planes After Threat *[Seoul Radio]* 44
U.S. Request on Tax Probes of Car Owners Viewed *[MAEIL KYONGJE SINMUN 11 Jan]* 44
PRC's Jiang Zemin, Li Peng Plan Korean Visits *[CHUNGANG ILBO 11 Jan]* 45
Ministry Voices Concern Over Chechen Crisis *[SEOUL SINMUN 10 Jan]* 45
Editorial Condemns Continuation of NSP Practices *[HANGYORE SINMUN 10 Jan]* 45
Industrialists Support Real-Name Property System *[YONHAP]* 46
Real-Name System's Effect on Underground Economy *[THE KOREA TIMES 10 Jan]* 46
Property Prices Drop With Real-Name Announcement *[YONHAP]* 47
Difficulties in Financial Deregulation Noted *[THE KOREA TIMES 11 Jan]* 47
Ministry Plans Basic Tariff Rates Overhaul *[THE KOREA HERALD 10 Jan]* 48
Unified Commodities, Futures Exchange Considered *[THE KOREA TIMES 10 Jan]* 49
Central Bank Sets 1995 Money Growth Target *[THE KOREA TIMES 10 Jan]* 49
Increasing Agricultural Competitiveness Studied *[THE KOREA TIMES 10 Jan]* 50
Government Plans Food, Drug Control Agency *[THE KOREA TIMES 10 Jan]* 50
KNTC Reports Average Spending of Travelers *[YONHAP]* 51

SOUTHEAST ASIA

Brunei, Malaysia & Singapore

Malaysia

Mahathir Interviewed on East Asia Roles, Future *[TOKYO SHIMBUN 1 Jan]* 52
Minister Meets Russian Envoy, Discusses Chechnya *[UTUSAN MALAYSIA 11 Jan]* 53
Official Views ASEAN, Regional Security *[THE NATION 11 Jan]* 53

Singapore

Taiwan, PRC Banks Sign Accord on Transactions *[Singapore Radio]* 55

Cambodia

Ranariddh Comments on Attempt To Remove Government
  [REAKSMEI KAMPUCHEA 8 Jan] 55
Commentary Hails Government's Economic Success *[Phnom Penh Radio]* 56
237 Khmer Rouge Reportedly Defect in Siem Reap *[AKP]* 56

- KR 'Cabinet' Meets, Stresses Need To End War *[Radio PGNUNS]* ... 57
- KR Claims Vietnam, 'Puppets' Control Country *[Radio PGNUNS]* ... 58
- KR Commentary Views Reasons for Continuing War *[Radio PGNUNS]* ... 59

Indonesia

- East Timor Governor Comments on Upcoming Issues ... 59
  - Reaffirms Referendum Opposition *[ANTARA]* ... 59
  - Stresses Integration With Indonesia *[Jakarta Radio]* ... 60
- UN Envoy Views Upcoming Timor Talks *[Lisbon EXPRESSO 7 Jan]* ... 60
- Suharto Examines 'Doubts' About Free Trade *[KOMPAS 10 Jan]* ... 61
- Esso Signs Deal To Construct Natuna Project *[THE JAKARTA POST 10 Jan]* ... 61
- 'No Plan' To Investigate Sociopolitical Groups *[ANTARA]* ... 62

Laos

- SRV Delegation Ends Visit; Protocol Signed *[KPL]* ... 62
- 'Resolution' Names Official Funeral Committee *[Vientiane Radio]* ... 63

Philippines

- * Editorial Favors Negative Reaction to GATT *[THE MINDANAO CROSS 5 Nov]* ... 63
- Security Measures Tighten for Papal Visit ... 65
  - Ramos Assures Safety of Pope *[Quezon City TV]* ... 65
  - Suspected 'Terrorists' Arrested *[Quezon City TV]* ... 65
  - Pakistani 'Terrorist' Identified *[Quezon City Radio-TV]* ... 66
- Senator Alleges Smuggled Arms Came From Vietnam *[Quezon City TV]* ... 66
- * Improvement Seen in Philippine Stock Market *[BISNIS INDONESIA 21 Nov]* ... 66
- Observers: MNLF Violated Cease-Fire Agreement *[Quezon City Radio-TV]* ... 67

Thailand

- Further on Ruling Against U.S. Insurance Firm *[KRUNGTHEP THURAKIT 9 Jan]* ... 67
  - Reported Ruling Against U.S. Denied *[KRUNGTHEP THURAKIT 10 Jan]* ... 68
- AIA Representative Offices Lost to Thai Company *[THE NATION 11 Jan]* ... 69
- Deputy Commerce Minister Meets U.S. Officials *[Bangkok Radio]* ... 70
- Cabinet Decides on MP's Extradition to U.S. *[Bangkok TV]* ... 70
- U.S. Business Mission Visits for Airport Bidding *[BANGKOK POST 10 Jan]* ... 70
- Government Not To Return Sin Song to Cambodia *[Bangkok Radio]* ... 70
- New Border Committee Formed With Cambodia *[BANGKOK POST 11 Jan]* ... 70
- Chuan, UK's Clarke Discuss Economic Relations *[THE NATION 10 Jan]* ... 71
  - Clarke Meets Bank Governor Wichit *[BANGKOK POST 11 Jan]* ... 71

Vietnam

- U.S. Official on Opening of U.S. Liaison Office *[Hanoi International]* ... 72
- Commentary Reviews Relations With PRC *[Hanoi International]* ... 72
- Full Membership in ASEAN 'Expected' *[Hanoi Internatioal]* ... 73
- British Chancellor of Exchequer Arrives for Visit *[Hanoi International]* ... 73
- Prime Minister Issues Decree on Idustrial Zones *[Hanoi Radio]* ... 73
- Prime Minister on Government Advertising Decree *[VNA]* ... 73
- Radio Reviews Vietnam's 1994 Social Situation *[Hanoi International]* ... 74
- VNA Reviews Food Production in 1994 ... 74

Japan

Kono, Christopher Discuss DPRK, Chechnya

OW1101022495 Tokyo KYODO in English 0206 GMT 11 Jan 95

[By Takehiko Kajita]

[FBIS Transcribed Text] Washington, Jan. 10 KYODO—Japanese Foreign Minister Yohei Kono and U.S. Secretary of State Warren Christopher agreed on Tuesday [10 January] to continue working together to ensure North Korea's nuclear program is converted into a nonmilitary program.

During an hour-long talk with Christopher at the State Department, Kono said the nuclear accord between the United States and North Korea signed last October is necessary for Japan's security as well as peace and stability in Northeast Asia, Japanese officials said.

He also told Christopher that North Korea's alleged nuclear weapons development is an "important issue" in light of the international proliferation of nuclear weapons, the officials said.

"I am sure that Japan and the United States are in the same boat," Kono reportedly said.

Christopher replied Washington will continue to play a leading role in resolving the issue of North Korea's alleged push for nuclear arms, the officials said.

He also reportedly pointed out that Japan and the U.S. should assume heavy responsibility for the removal of the threat arising from Pyongyang's nuclear program, noting the planned establishment of the Korean Energy Development Organization (KEDO).

KEDO will be inaugurated in February, with headquarters in New York, in line with the U.S.-North Korea nuclear accord under which Pyongyang will replace its graphite-moderated reactors with safer light-water models.

Kono, who came to the U.S. capital Tuesday accompanying Japanese Prime Minister Tomiichi Murayama, also cautioned against a possible flare-up of emotions on both sides of the Pacific, the officials said.

He urged "prudence" on the part of the U.S. in commemorating this year the 50th anniversary of the end of World War II, they said.

Christopher promised he will relay Japan's wish to Clinton, who will meet Murayama on Wednesday. He also spoke of the need for Japan and the U.S. to mark the 50th anniversary of the war's end in a spirit of cooperation.

In what a Japanese official called a meeting intended "to make some preparations" for the Murayama-Clinton summit, Kono and Christopher also exchanged views on a wide range of international, political and economic issues.

The two shared a deep concern about the situation in Chechnya, where Russian troops are battling Chechens seeking independence.

Kono expressed worry that the Chechnya crisis could slow down democratization and economic reform in Russia under the leadership of President Boris Yeltsin, the officials said.

Christopher urged an early end to the fighting, saying the human rights of people in Chechnya are not being respected, they said.

Kono also revealed Japan's 10 million dollar aid program for Haiti's democratic reform efforts. He said Tokyo sees its assistance to Haiti's democratization as one of the key diplomatic tasks.

On the economic front, Christopher gave high marks to a major breakthrough in bilateral "framework" trade negotiations last October and voiced hope for similar progress in auto and auto parts trade, the most knotty sector among the unresolved negotiation areas.

He also said Washington wants Tokyo's five-year deregulation program scheduled to be compiled by the end of March to cover wide areas and be effective in boosting foreign access to Japanese markets.

Kono reportedly replied the Japanese Government will strive to comply with foreign countries' requests on the deregulatory package as much as possible.

Christopher also promised the U.S. will cooperate with Japan in bringing a successful conclusion to this year's meeting of the Asia-Pacific Economic Cooperation (APEC) forum in Osaka in November.

Japan, as the host nation, will try to build a consensus among the 18 APEC members over how to further refine an accord reached in Indonesia last November to achieve free trade in the region by 2020.

Tokyo, Seoul, Washington Agree on KEDO Ties

OW1101094995 Tokyo KYODO in English 0932 GMT 11 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO—Japan, the United States and South Korea have reached an agreement in principle on how to cooperate in setting up an agency to provide North Korea with two light-water nuclear reactors, Foreign Ministry officials said Wednesday [11 January].

The agreement, which was made after working-level talks on Monday and Tuesday in Washington, calls on Seoul and Tokyo to mainly provide funds for construction of the nuclear reactors, they said.

They did not specify how much money Tokyo will contribute for the reactors, estimated to cost some 4 billion dollars, but Tokyo is likely to put up a billion-plus dollars given that Seoul is to take a leading role in providing the reactors themselves.

Under the agreement, the U.S. will provide heavy oil to the north, manage spent nuclear fuel rods and mainly provide funds for reprocessing spent fuel, the officials said.

Japan, the U.S. and South Korea have agreed to create an agency called the Korean Energy Development Organization (KEDO), through which they will fund and supply the light-water reactors.

Japan hopes other countries such as China and Russia will join KEDO.

Vice Foreign Minister Kunihiko Saito has said Japan wants to limit its financial burden for the reactors in light of the public's feelings about allocating huge financial assistance to Pyongyang.

Prime Minister Tomiichi Murayama will appeal to President Bill Clinton at a summit meeting in Washington on Wednesday for U.S. cooperation in inviting other countries to join KEDO, the officials said.

Japan, the U.S. and South Korea are scheduled to hold high-level talks on forming KEDO later this month and to iron out differences over the terms of a related pact so that the agency can be set up next month, they said.

Editorial on Substance of Murayama-Clinton Summit

OW1001064495 Tokyo ASAHI SHIMBUN in Japanese 9 Jan 95 Morning Edition p 5

[Editorial: "What the Leaders of Japan and the United States Should Talk About"]

[FBIS Translated Text] A summit meeting between the leaders of Japan and the United States will be held at the beginning of the historical year marking the 50th anniversary of the end of the Pacific War. However, neither country seems to be very interested in the summit talks.

One reason is perhaps because there are no urgent pending political and economic issues to be resolved at this meeting, unlike previous summits. It is also true that the political timing is not good.

President Bill Clinton, who has been deprived of a majority by the Republican Party in both the Senate and the House of Representatives, is in the middle of a process of restructuring his administration. Likewise, the issue of utmost interest to Mr. Murayama probably has to do with his home camp—the Social Democratic Party of Japan [SDPJ]—how to prevent the division in the SDPJ from triggering a crisis in his government.

One of the reasons the prime minister is visiting the United States at this time is because his other option, a visit to China, was postponed due to the unfavorable atmosphere over the issue of nuclear tests. While the Foreign Ministry is doing what it can to present the visit as the starting point of Japanese diplomacy in preparation for the G-7 summit in the summer and the Asia-Pacific Economic Cooperation [APEC] forum this coming autumn, the atmosphere in "result-oriented" Washington is that of indifference.

It will be extremely unfortunate if the summit meeting is going to be held merely because "this will be better than not holding one." The international environment around Japan and the United States is changing steadily five years after the end of the Cold War. Amid such changes, it is an urgent task to reconfirm what the Japan-U.S. relationship is, and what this relationship is for.

There are innumerable issues that the leaders can talk about. One of them could be East Asia, particularly relations with China, which is projecting a growing presence economically, and in the security aspect.

The maintenance of amicable relations between Japan, the United States, and China will contribute to stability in the whole of Asia. However, the truth is, while Japan and the United States pin great hopes on the economic potentials of the PRC, both have lingering fears about China's future. One issue is how to build long-term trilateral cooperation while continuing efforts to help China's development.

With regard to the DPRK's conversion to light-water reactors, the prime minister needs to convey Japan's readiness to offer active cooperation as part of long-term crisis management, and to discuss thoroughly what to do in the future, including how to tackle negotiations between Japan and North Korea. This may help mitigate the cautious attitude held by some members of the U.S. Congress.

These are times when both Japan and the United States profess their "Asian orientation." In Japan, some people even ask the question "Asia or the United States?" However, the importance of cooperation between the two countries has not diminished at all.

What will be important for Japan is to clearly assert itself before a United States beginning to waver between its position as the only military superpower and isolationism, and to offer as much help as possible when the United States uses its political influence for the stability of the international community.

This is also a time to face the changes in their bilateral relationship. For instance, it is essential to ask the people of both countries once again why the U.S. military presence and assistance to U.S. Forces in Japan are necessary, and how much of this presence is desirable. These are times when the taxpayers' understanding is indispensable for maintaining the security setup.

It is precisely at a time like this, when bilateral economic relations are relatively calm due to the booming U.S. economy, that the lessons learned from the Japan-U.S. economic framework talks should be put to good use in contemplating a more effective method of bilateral negotiations.

This year also marks the 50th anniversary of the end of the war. It goes without saying that it will be meaningful to look back on history and renew our appreciation of the importance of the Japan-U.S. relationship.

After the question of the "atomic bomb stamp" was resolved, Japan's participation in the U.S. Government's ceremony commemorating the end of World War II has come up. An emotional response should be avoided by all means. What we need to look at are the achievements in the bilateral relationship in the postwar period, and the responsibility of the two countries to the international community.

Foreign Investment Talks With U.S. Reviewed

OW0901172495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 Jan 95 Morning Edition p 5

[FBIS Translated Text] Negotiators from Japan and the United States are scheduled to meet in Washington later this month to discuss "issues on foreign investment and business relations" as part of the ongoing bilateral trade framework talks. Both nations will discuss measures to help foreign companies expand their investments in Japan based on a list of suggestions that the United States submitted to the Japanese Government last month. Because the U.S. list calls for 53 improvements—such as preferential tax treatment, deregulation, and land policies—in seven Japanese business sectors, such wide-ranging requests may place Japan in a predicament in the future.

The two nations, who are now coordinating the matter, are trying to set the meeting for 18-19 January. The list points out: "Foreign companies' share of the Japanese market is extremely small compared to their share of markets of other industrialized nations." It then suggests measures to expand foreign investment in each business sector in Japan.

In this list, the United States suggests that the foreign investment council (led by Prime Minister Tomiichi Murayama), which the Japanese Government established last September, issue a statement stressing the need to increase foreign investment and draw up an action program to attract foreign capital.

Another call is to change the tax system to extend the time for foreign firms which have been operating in Japan for three years or less to carry over their losses from the current 10 years to 15 years.

It also demands that the Japan Development Bank provide loans to foreign firms engaging in mergers and acquisitions in Japan to increase their chances for success.

Foreign investment in Japan is extremely small when compared to that in other nations. At the end of 1993, Japanese direct investment abroad was 15 times greater than foreign investment in Japan.

Milestones for Technology Access Set With U.S.

OW1101100595 Tokyo KYODO in English 0956 GMT 11 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO—Japan and the United States agreed Wednesday [11 January] to study the setting of "milestones" to measure foreign access to Japanese technology fields, Foreign Ministry officials said.

The two countries reached the agreement during a working group meeting on access to technology under the Japan-U.S. bilateral framework talks, the officials said.

Japanese and U.S. Officials agreed to study whether or not the two sides can introduce milestones instead of "targets" to measure improvement of access to Japanese technology fields, they said.

Specifically, the milestones will be set to measure improvement in three areas—exchanges of people engaged in science and technology fields, availability of English-language information and participation in joint researches by Japanese Government and private sectors, the officials said.

The two nations will study ways to measure the increase in the numbers of U.S. scientists and experts studying in Japanese public institutions, and the availability of English translations of information on Japanese public institutions' documents at U.S. facilities.

They will also measure the increase of foreign firms taking part in joint researches by the Japanese Government and private sectors.

Japan and the U.S. hope to reach an accord by June, before the summit meeting of Group of Seven (G-7) major economic powers, the officials said.

The working group is one of five such groups in the "economic harmonization" sector under the framework negotiations.

Japanese officials from the foreign and trade ministries and the science and technology agency attended the third meeting of the working group with U.S. State and Commerce Department officials.

Tokyo and Washington have held the working group meetings twice before, in December 1993 and in August 1994.

More Deregulation by Finance Ministry Urged

OW1101062195 Tokyo KYODO in English 0553 GMT 11 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO—The government's task force team on deregulation programs urged the Ministry of Finance (MOF) to ease its control on the finance, securities and insurance industries, government officials said Wednesday.

The team is under the government's Administrative Reform Promotion Headquarters, headed by Prime Minister Tomiichi Murayama.

At its second meeting Wednesday, the team examined regulations in such industries, and many of the members noted that MOF should relax or remove legal controls and practices of gyosei-shido (giving administrative guidance) in those industries, the officials said.

MOF was urged, according to the officials, to liberalize businesses in those areas on condition that companies disclose more about their business conditions and management information.

The ministry, meanwhile, can establish a stricter surveillance system to avert any violations, the team said.

The ministry should also shift from what the team calls its stance of protecting consumers to one that aims to revitalize industries, the team said.

Relating to the accord Japan and the United States announced Tuesday on the financial services area under the bilateral trade framework talks, the team said the accord is not enough in terms of deregulation by the ministry, the officials added.

MOT To Partially Ease Regulations on Auto Parts

OW1101095695 Tokyo ASAHI SHIMBUN in Japanese 10 Jan 95 Morning Edition p 5

[FBIS Translated Text] On 9 June, the Ministry of Transport [MOT] disclosed a plan to ease in February a portion of the government regulations on auto repair parts inspections, which became an issue during negotiations on the auto and auto parts sector under new Japan-U.S. economic talks. However, the MOT is saying that it will not reduce the number of repair parts that are subject to inspection at this time, but will study the issue during the Japan-U.S. negotiations that are slated to be held later this month; the United States is asking Japan to reduce the number of such repair parts.

As they repair or change such major parts as engines and brakes, government-authorized auto repair centers are exempted from having MOT inspections. As a criteria for certifying centers as such, government regulations stipulate detailed requirements—including floor space, types of mandatory equipment, and the number of mechanics required. However, the MOT plans to reduce the floor space requirement and the amount of mandatory equipment by revising ministerial ordinances. The MOT hopes the deregulation will increase the number of government-authorized centers and reduce maintenance costs.

At this time, however, the MOT is not planning to reduce the number of repair parts that must need MOT inspection. During Japan-U.S. negotiations held as of September last year, the United States, among other things, asked for the exclusion of shock absorbers from a list of such parts. In response, Japan explained that it would accept the call. However, no agreement was reached during the negotiations because the United States eventually called for a de factor abolition of the inspection system.

The MOT plans to incorporate about 90 items, including inspection of repair parts, into a government plan for deregulation promotion. More than half of the items are related to realization of prearranged plans, including an extension of the validation period for car inspection stickers.

Ex-Im Bank Chief Views Mexican Currency Crisis

OW0901104095 Tokyo KYODO in English 0804 GMT 9 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 9 KYODO—The head of the Export-Import Bank of Japan on Monday [9January] expressed his hope that Mexico will overcome its currency crisis and suggested the bank will continue its financial aid to the country as it used to do.

Hiroshi Yasuda said at a press conference, "I hope they can overcome the present currency crisis through Mexico's emergency economic measures as well as international assistance, despite their expected tough-going after joining NAFTA (the North American Free Trade Agreement)."

"Although I'm not completely optimistic, I'm not thinking of changing the bank's attitude toward Mexico immediately," Yasuda said.

While regretting the Mexican crisis amid growing expectations for the nation after finally resolving its accumulated debts of the 1980s, Yasuda applauded the content of Mexico's economic reform program including its plan to reduce its current account deficit.

"I hope the crisis will not be an obstacle to the stabilization of the Mexican economy, which is poised to advance amid high global expectations," Yasuda said.

Mexican Secretary General Continues Official Visit

Assures Monetary Crisis Temporary

PA1001162795 Mexico City NOTIMEX in Spanish 1315 GMT 10 Jan 95

[FBIS Translated Text] Tokyo, 10 Jan (NOTIMEX)—Jose Angel Gurria, the Mexican foreign relations secretary, assured the leadership of the Japanese business sector the Mexican monetary crisis is temporary and will only last "a few weeks."

"The market will return to normal levels within the coming weeks," Gurria affirmed during a meeting with members of the Federation of Economic Organizations (Keidanren) and the Import- Export Bank of Japan.

During his third day of activities in Tokyo, where he is trying to regain credibility among investors and federal institutions, Gurria underscored the fact "the (Mexican) banking system is healthy" despite the monetary crisis. He said Mexican financial authorities foresee the peso regaining stability at 4.50 pesos to the dollar, after having reached record levels of over 5.6 pesos.

Gurria, who held private conversations most of the day, said "we believe 4.5 pesos is an appropriate level for recovering stability, following such a volatile period for the exchange rate,"

"The pendulum will eventually slow down to its center position," Gurria said, asking the business sector for its understanding and stressing the need for it to strengthen its trust in the Mexican market.

Gurria also reported the effects of the intervention by the U.S. Federal Reserve Bank of New York to control the Mexican peso. He said "we had to use $500,000."

He said: "We need strength and money to demonstrate we are capable of containing inflation."

Japanese private banks confirmed today they still have not decided on the possible "$1.2 billion" loan requested by the Mexican Government.

A Tokyo Bank source has told NOTIMEX: "We still have not decided on it, because we are waiting for Citibank and the Morgan Bank of New York to present a plan to us."

He added: "We will be able to make an official announcement when both institutions present this program to us."

He has said the request unofficially is for $1.2 billion, which are to be equitably covered by the Tokyo Bank, the Fuji Bank, the Sumitomo Bank, and the Industrial Bank of Japan.

Toshi Morikawa, the president of the Sumitomo Bank and the Banking Associations Federation, said this afternoon, however, "private financial institutions...have not received a formal request for a loan."

Morikawa refused at a news conference to comment on any type of negotiations and only expressed his desire that "Mexico overcome the crisis with international aid and its economic program."

The loan that would be granted by the four banking institutions is independent of the $1 billion which were promised by the Central Bank of Japan and which will be managed through the International Payment Bank located in Switzerland.

Gurria concludes his visit to Tokyo this morning with several private meetings and a news conference before noon.

Asks Four Banks for Loans

OW1101110895 Tokyo KYODO in English 1040 GMT 11 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO—Mexico has asked four major commercial banks in Japan to loan a total of 800 million dollars as part of 3 billion dollars to be extended by private banks worldwide to help the country out of its economic difficulties, financial industry sources said Wednesday [11 January].

Mexico has asked the Bank of Tokyo, Sumitomo Bank, Fuji Bank and the Industrial Bank of Japan have been to offer 200 million dollars each, they said.

Mexico previously sought 300 million dollars from each bank, but reduced the request due to opposition within those banks as the amount was deemed "too large," the sources said.

Foreign Minister Jose Angel Gurria Trevino, visiting Tokyo since Sunday, met with top officials of the four Japanese banks and requested the help.

Mexico is now facing a currency crisis following the peso's crash against the dollar late last year. It announced last week an emergency economic plan based on 18 billion dollars in international loans, including the 3 billion dollars from world commercial banks.

Banks 'Wary' of Offering Loans

OW1101100995 Tokyo NIHON KEIZAI SHIMBUN in Japanese 7 Jan 95 Morning Edition p 7

[FBIS Translated Text] Bank of Tokyo, Industrial Bank of Japan, Sumitomo Bank, and Fuji Bank, the four Japanese banks which were asked to grant $1.2 billion in loans as part of international support to help Mexico overcome its currency crisis, are wary of granting the loans. The four insist they have not been officially approached. However, it seems that Mexican Foreign Minister Jose Angel Gurria, who is due to arrive in Japan on 8 January, will make a formal request to the Japanese Government and to Japanese banks.

Following the introduction of new debt strategies (the Brady proposal) in 1990, the Japanese banks reduced the volume debts owed to them and have only minor outstanding loans to Mexico. As a result, it will be hard for them to persuade shareholders to support the idea of providing aid loans to Mexico.

Officials at some of the four banks say: "It will be difficult for us to provide loans unless other Japanese banks participate in the support plan."

It is expected there will be a tough time coordinating to determine the size of loans, and finding banks prepared to advance them.

The Mexican Government already made unofficial approaches to the four banks, asking for $300 million each, or $1.2 billion in total. It seems that Citibank, which has taken on the role of secretariat for private banks providing loans to Mexico, will explain the conditions for their provision early next week. Mexican Foreign Minister Gurria will call on the Japanese Government and Japanese financial organizations for their understanding of the current situation in Mexico in a series of explanatory sessions.

According to an international financial source, Mexico has called on 21 U.S., Canadian, Japanese, and European private banks for financial support. Mexico has approached nine U.S. banks, including Citibank and Morgan Bank; two Canadian banks, including the Bank of Nova Scotia; and eight European banks, including Lloyds Bank of Britain; and the Bank of Germany.

Of the four Japanese banks, Bank of Tokyo, Industrial Bank of Japan, and Sumitomo Bank represented Japanese banks as members of a delegation to talks in the late 1980's on reducing Mexican debts. Fuji Bank is known to have close ties with Mexico. Among other things, the Mexican Government granted Fuji approval to establish its affiliated bank in Mexico.

Although the four banks do have relations with Mexico, however, their current outstanding loans have already shrunk to only several hundred million dollars each, thanks to the debt reduction campaign.

It seems Mexico will use the aid loans to redeem its short-term government bonds, which are expected to grow to $10 billion in the January-March period. The redemption plan will have only a limited effect on Japanese banks because most of the short-term government bonds are held by American investors. One of the four banks said: "Although it a part of a program of international cooperation, we cannot explain to our stockholders why only four banks will participate in the aid plan."

Japanese banks, however, will find it difficult to avoid the international support plan, because the Japanese Government will participate. As a result of this, the four banks have come up with the idea of asking other Japanese banks to take part in the plan and to share the responsibility of providing the aid loans.

According to an international financial source, some people in the United States are also expressing their concern, saying that Mexican companies and major American securities companies who sold Mexican stocks and bonds, should also participate in the aid plan.

A review will inevitably be made of the size of the private sector's loan package and the number of organizations taking part in providing it.

Mexico To 'Overcome' Peso Crisis

OW1101050395 Tokyo KYODO in English 0434 GMT 11 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO—Mexican Foreign Minister Jose Angel Gurria Trevino said Wednesday his nation's currency crisis will soon be overcome with the help of international financial assistance.

Gurria said at a press conference before ending his four-day stay in Tokyo, "the 24 billion dollar package—18 billion dollars plus 6 billion dollars of Mexican reserves—hopefully would be enough" to stabilize the exchange market in Mexico.

Facing sharp drops in the peso's value amid growing inflationary fears after late last year's devaluation, Mexico announced early this year an emergency economic reform program based on the 18 billion dollar international financial aid together from major governments and commercial banks.

Gurria said the Bank of Japan confirmed its decision to participate in such international assistance.

The Japanese Government also agreed to support the international effort to bail out Mexico from the currency crisis, Gurria said.

Gurria, however, withheld confirmation of reports that Japan will provide a billion dollars in aid to Mexico as part of a 5 billion dollar international loan package promised by the central banks of the group of 10 industrialized nations to be offered through the Basel-based Bank for International Settlements (BIS).

The 18 billion dollar international aid package consists of 5 billion dollars from the BIS, 10 billion dollars from the United States and Canada, and 3 billion dollars from commercial banks all over the world.

Gurria also evaded a question on whether he asked four Japanese commercial banks to extend 1.2 billion dollar credit and whether they said yes.

Gurria only said he told commercial banks exactly what Mexico is doing and the guts of the economic program, which he said was the most important objective of his visit to Japan.

"We owe you and Japanese business community the opportunity to look some details of the program," Gurria said. [sentence as received] "After all if you are asking somebody to join in an effort, they have to be convinced that's a good idea, that it makes sense."

Gurria said he will meet some commercial banks one by one later in the day as last-minute efforts to convince them to make a positive decision, while noting Mexico has no particular list in mind.

Mexico is seeking similar understanding all over the world, Gurria said, adding he will leave for Canada on Wednesday night and his colleagues are touring Europe.

Asked about Tuesday's sharp drop in Mexican stocks, Gurria said the drop was a "fairly conventional reaction" to higher short-term interest rates.

Although the drop was exaggerated by the present market volatility, the danger of the peso falling further may have receded, Gurria said.

"The market volatility will soon disappear," he said, noting the peso gained some ground Tuesday.

Mexico is expecting the "presently undervalued" peso will stabilize soon around the level of 4.5 to the dollar, he said.

Kono Says Kozyrev Cancels Planned Visit

OW1001015895 Tokyo KYODO in English 0145 GMT 10 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 10 KYODO—Russian Foreign Minister Andrey Kozyrev will not make a proposed visit to Japan this month because of the fighting in Chechnya, Foreign Minister Yohei Kono said Tuesday [10 January].

Russian Deputy Foreign Minister Aleksandr Panov told Japanese Ambassador to Russia Koji Watanabe and a senior Foreign Ministry official in Moscow that it is difficult for Kozyrev to visit Japan at this time due to the domestic situation, Kono said.

The Japanese and Russian sides agreed to discuss the rescheduling of Kozyrev's visit as soon as possible, ministry officials said.

Kono told a news conference he hopes Kozyrev will visit Japan at an early date because Kozyrev agreed to make the trip in December or January when they met in New York in September.

Also in the talks with Panov in Moscow, the Japanese side conveyed Kono's message to Kozyrev over the situation in Chechnya, Kono said.

Kono voiced concern that civilians are being killed and called for Russian efforts in peacefully restoring order, the ministry officials said.

Takemura Arrives in Beijing for Three-Day Visit

OW0901074595 Tokyo KYODO in English 0728 GMT 9 Jan 95

[FBIS Transcribed Text] Beijing, Jan. 9 KYODO—Japanese Finance Minister Masayoshi Takemura arrived Monday [9 January] for three-days of talks with Chinese leaders on the first leg of his three-nation, seven-day Asian tour.

Takemura is expected to hold talks with Finance Minister Liu Zhongli and Executive Vice Premier Zhu Rongji on Monday and will later meet premier Li Peng before moving on to Singapore and Malaysia Wednesday.

Talks are expected to concern next November's ministerial meeting at the Asia-Pacific Economic Cooperation (APEC) forum to be held in Osaka and could also cover the repayment schedules of China's yen loans from Japan.

Chinese finance and trade officials have expressed concerns that the strengthening yen is going to cause difficulties in the repayment of the loans and are hoping Japanese officials will be willing to discuss the issue.

Japan recently approved 580 billion yen in new yen loans for the fiscal period 1996-1998, below the 700 billion yen the Chinese government had requested for the period.

China, the largest recipient of Japan's official development assistance (ODA), is obliged to pay back some 40 billion yen a year beginning in fiscal 1996 for loans dating back to 1979.

Supports PRC's Entry Into WTO

OW0901131695 Tokyo KYODO in English 1306 GMT 9 Jan 95

[FBIS Transcribed Text] Beijing, Jan. 9 KYODO—Japanese Finance Minister Masayoshi Takemura expressed support for China's early entry into the World Trade Organization (WTO) in a meeting with Chinese Vice Premier Zhu Rongji on Monday, a Japanese Finance Ministry spokesman said.

Zhu said Japan best understands China's status as a developing country and asked for Japan's help at upcoming negotiations between China and the WTO to be held in February in Geneva, the spokesman said.

Takemura expressed his regret at China's failure to enter WTO as a founding member, but said, "there are certain conditions that must be met to enter the WTO" and that Japan would continue to support China's entry as a developing nation, the spokesman said.

China's bid to become a founding member of the WTO, the global free trade watchdog that replaced the General Agreement on Tariffs and Trade on Jan. 1, has floundered due to U.S. complaints about Chinese trade policies.

The U.S. balks at Chinese integration as long as Beijing refuses to comply with U.S. demands for greater financial liberalization and protection of intellectual property rights, among others.

Zhu, who is also governor of China's central bank, told Takemura that China's inflation in 1994 is estimated to have been about 21 percent, as inflation in December was lower than the previous month, the spokesman said.

He predicted that China's inflation in 1995 would be lower than that of 1994, the spokesman said.

The Chinese leader remained basically optimistic about China's economic outlook, saying higher prices, especially for food, were necessary for stimulating "the enthusiasm of the farmers" and called many of the economic reforms implemented last year "big risks," that were basically successful.

Zhu thanked Takemura for continued Japanese yen loans to China, and asked the finance minister to use Japan's influence over the World Bank to assist China in maintaining its level of loans as a developing nation.

Japan recently approved 580 billion yen in new yen loans for the fiscal period 1996-1998, below the 700 billion yen the Chinese government had requested.

China, the largest recipient of Japan's official development assistance, is obliged to pay back some 40 billion yen a year beginning in fiscal 1996 for loans dating back to 1979.

"Some countries say China is a developing country and then later say China is a developed country, this is not correct, China is a developing country," Zhu said.

Later Monday, Takemura met with his host Chinese Finance Minister Liu Zhongli. He will meet Tuesday with Premier Li Peng and tour several of Beijing's newly developed economic areas.

Takemura arrived Monday for three-days of talks with Chinese leaders on the first leg of his three-nation, seven-day Asian tour.

His trip will take him to Singapore and Malaysia after leaving Beijing on Wednesday.

Beijing Visit Reviewed

OW1101110395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 11 Jan 95 Morning Edition p 2

[By correspondent Masato Shimizu]

[FBIS Translated Text] Beijing, 10 January—Finance Minister Masayoshi Takemura held a news conference at a Beijing hotel on the evening of 10 January. Reviewing his meetings with Chinese Premier Li Peng and other important figures, he noted that generally the talks had been held in a very friendly atmosphere, that they had reached agreement on mutual visits by top leaders of the two countries, and that he keenly felt China's willingness to promote friendly ties with Japan. In this way, Takemura indicated he had fulfilled his duty to "improve the atmosphere" between the two countries prior to Prime Minister Tomiichi Murayama's visit to China.

However, it can hardly be said the awkward mood between the two countries has been dispelled before Murayama visits Beijing. During talks with Takemura, Premier Li Peng touched on the difficulties facing the Murayama administration because of the rift in the Social Democratic Party of Japan [SDPJ]. He also expressed concern over Taiwan-related issues.

It is unusual for a Chinese leader to refer to Japan's political situation. This indicates that the international community has now begun to doubt the stability of the Murayama administration because of the current uproar within the SDPJ over the possible disintegration of the party.

At the news conference, Takemura indicated Japan had taken the Taiwan issue seriously, saying: "We have reaffirmed that China still has concerns over this issue."

He then reiterated Japan's intention not to invite Taiwan President Li Teng-hui to the summit of the Asia-Pacific Economic Cooperation (APEC) forum to be held in Osaka city in November.

In a letter delivered by Takemura to Premier Li Peng, Murayama expressed not only his "regrets over past history" but also a "determination to renounce war."

Asked about this, Takemura said: "The words used in the letter may be fresh, but they simply and straightforwardly account for the spirit of [Japan's) pacifist constitution. The prime minister often uses these words."

Japan has often found itself in dispute with China since the inauguration of the Murayama administration, so it appears that Tokyo intended to lay the "groundwork" for improving bilateral ties by using in the letter an expression that goes beyond anything said by previous governments.

Although the two countries agreed on reciprocal visits by their leaders, Tokyo failed to make a decision on the timing of Murayama's visit to Beijing because of unclear Diet schedules and the political situation.

For the moment, the government is simply studying the possibility of Murayama visiting in March. Meanwhile, Beijing has assessed very highly the visit to China by Takemura, one of the prominent figures in the Murayama administration.

Chinese Finance Minister Liu Zhongli said: "We attached great importance to his visit."

However, at present Beijing does not seem to be interested in strengthening relations with the Murayama government because of the uproar within the SDPJ and other distracting issues in Japan.

Tokyo, Beijing To Hold Nuclear Disarmament Talks

OW1001050895 Tokyo SANKEI SHIMBUN in Japanese 7 Jan 95 Morning Edition p 1

[FBIS Translated Text] The Governments of Japan and China have begun to coordinate a plan to hold bilateral talks on nuclear non-proliferation, arms control, and disarmament in February, at the earliest. China has agreed in principle to hold the bilateral talks and Japan plans to strongly ask China to cooperate in halting nuclear testing and abolishing nuclear weapons at the bilateral talks.

At the bilateral talks, Japan also plans to ask China to work vigorously for an early conclusion of the Comprehensive Test Ban Treaty (CTBT) and an indefinite extension of the Nuclear Non-Proliferation Treaty (NPT). China conducted its second nuclear test of the year on 7 October 1994, and Administrative Vice Foreign Minister Kunihiko Saito called Chinese Ambassador to Japan Xu Dunxin to the Foreign Ministry to protest the nuclear test and demand a halt to it. At the meeting with the Chinese ambassador, the administrative vice minister proposed holding the bilateral talks.

China has agreed in principle to hold the bilateral talks as soon as possible this year, and working-level officials in charge of arms control and disarmament at the Foreign Ministry will attend them. The Governments of Japan and China are coordinating on the timing and venue of the bilateral talks with an eye to holding them in February. The Japanese Government intends to coordinate the timing and the venue, taking into account the deliberation schedule of the ordinary Diet session which is to convene on 20 January.

The Japanese Government strongly hopes to hold the bilateral talks during February, because it was under attack at home for not considering China's continued nuclear testing and its military buildup when Japan and China recently settled the issue of the fourth yen loans to China. The Murayama cabinet is believed to have moved toward holding the bilateral talks after being prompted by the need to publicize at home that "it puts the promotion of disarmament at the top of its foreign policy agenda," (says Administrative Vice Minister Saito).

China, inferior to the United States and Russia in nuclear war capability, has asserted in the CTBT negotiations that 1) the non-preemptive use of nuclear weapons be guaranteed, and 2) peaceful nuclear testing be treated as an exception before it is banned, drawing a backlash from other nuclear powers. Japan, fearing that China's isolation from the international community could be a destabilizing factor in Japan's region, has urged China to bold the bilateral talks. Japan plans to ask China to make concessions in the CTBT negotiations.

Hashimoto Departs for India, Pakistan Visits

OW0501041895 Tokyo KYODO in English 0246 GMT 5 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 5 KYODO—International Trade and Industry Minister Ryutaro Hashimoto left Tokyo on Thursday [5 January] morning for a visit to India and Pakistan to meet government leaders and economic officials of the two countries.

Hashimoto is scheduled to return home on Jan. 13 via Hong Kong.

India To Receive $1 Billion

OW0601061795 Tokyo KYODO in English 0519 GMT 6 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 6 KYODO—Japan will provide 1 billion dollars in insurance for exports to and investment in India over the next two years to promote Japanese investment there, officials said Friday [6 January].

Ryutaro Hashimoto, head of the Ministry of International Trade and Industry (MITI), who is now visiting India, will express Japan's intention in meetings expected to be held Saturday with Prime Minister Narasimha Rao and Finance Minister Manmohan Singh, the ministry officials said.

Hashimoto will also tell the Indian leaders that Tokyo will open a Japan External Trade Organization (JETRO) office in Bombay in the coming fiscal year and will add India to its "green aid plan" of environmental assistance to developing countries, which now targets China and Southeast Asia, the officials said.

The insurance underwriting framework, meant to help Japanese firms catch up with their U.S. and European rivals in India, will cut premiums for export and investment insurance starting in April and will ease the strict screening requirements on insurance policies of 3 billion yen or less, the officials said.

Indian authorities have actively opened their country to foreign investment in recent years, with the permitted total ballooning 17-fold from 1991 to reach 88.6 billion rupees (about 320 billion yen) in 1993.

U.S. Investment commands some 40 percent of the total while that from Japan is a paltry 3 percent.

MITI, judging that New Delhi's political and economic conditions have improved, is taking the new steps to pave the way for increased Japanese investment in India, the officials said.

Hashimoto, India's Rao Meet

OW0701132295 Tokyo KYODO in English 1235 GMT 7 Jan 95

[FBIS Transcribed Text] New Delhi, Jan. 7 KYODO—International Trade and Industry Minister Ryutaro Hashimoto pledged to Indian Prime Minister Narasimha Rao on Saturday [7 January] Japan would take a series of measures to promote Japanese investment in India, officials said.

During a 30-minute meeting at the prime minister's office, Hashimoto praised Rao for his economic reform efforts since the start of his government in 1991, the officials told reporters.

In response, Rao expressed hope that Hashimoto's visit, coming at a crucial juncture in his economic reform campaign, would facilitate visible Japanese investment in India.

Hashimoto later met with Commerce Minister Pranab Mukherjee and discussed ways to expand two-way trade and explore new areas of economic cooperation, according to Japanese officials traveling with the MITI minister.

On Friday, Hashimoto announced 1 billion dollars worth of credit lines to help increase Japan's trade with and investments in India.

India is actively introducing foreign capital under Rao's liberalization program, with foreign investment in India during 1993 amounting to 88.6 billion rupees, a 17-fold jump from 1991.

Japan lags far behind the United States, Britain and other industrialized countries in investing in India, officials said.

In 1993, Japan's investment in India, as authorized by the New Delhi Government, accounted for only 3 percent of total foreign investment, compared with about 40 percent for the U.S.

Hashimoto will leave Sunday for Pakistan.

Hashimoto Comments on APEC, Domestic Issues

OW1101013795 Tokyo MAINICHI SHIMBUN in Japanese 7 Jan 95 Morning Edition p 8

[Interview with International Trade and Industry Minister Ryutaro Hashimoto by MAINICHI SHIMBUN economic department chief Koji Hashimoto; place and date not given]

[FBIS Translated Text] [MAINICHI SHIMBUN] A meeting of the Asia-Pacific Economic Cooperation (APEC) forum is scheduled to be held in Osaka in November. The meeting will be a significant event for Japan's diplomacy.

[Hashimoto] Truly, the meeting will be of great significance. For the first time, the forum held a meeting in Jakarta last year with clear objectives, although it had formerly been merely a place for exchanging opinions. On the initiative of Indonesian President Suharto, the forum adopted a declaration calling for liberalizing trade and investment by 2020. In Osaka the forum will have to work out guidelines for achieving liberalization. Japan is responsible for bringing the Osaka summit to a successful conclusion.

We think the APEC forum is very important in that it has to induce the United States to continually be an Asia-Pacific nation, not just part of the South and North American continents. The United States is in a delicate position. But at least for the last two years it has tried to be open to the Asia-Pacific region despite the fact that it put the North American Free Trade Agreement (NAFTA) into effect, and is trying to increase the number of countries participating in the treaty. We need to urge the United States to maintain this stand.

[MAINICHI SHIMBUN] Do you think the East Asia Economic Caucus (EAEC) proposed by Malaysian Prime Minister Mahathir is the key to success of the Osaka summit?

[Hashimoto] Not necessarily. The EAEC was established because of fear among countries in the Asia-Pacific region that the United States may force them to adopt American methods. Anyway, I have advised Malaysia that it should call on not only Southeast Asian countries but also Australia and New Zealand to participate in the EAEC. I also urged Australian Prime Minister Keating to consider joining the EAEC.

I think a by-product of the Jakarta summit was the United States' understanding of the diversity of Asia. Washington must have realized that its hasty negotiating style was not always accepted in the region. When Washington proposed at the summit that "industrialized nations and developing countries should have the same target year" for the liberalization of trade and investment, Japan clearly stated that we could not discuss the matter with the United States. The result was that we brought the United States closer to Asia. Meanwhile, countries in the Asia-Pacific region must have felt that if they adopted the same course, the United States would not do as it likes.

[MAINICHI SHIMBUN] The relationship between politicians and bureaucrats has become a problem.

[Hashimoto] Some people say on one hand it is unforgivable that politicians exercise their influence in government policies, but on the other they call on politicians to lead the bureaucrats. I am puzzled what we politicians should do. I myself am said to be typical of politicians who are influential in government policies. I consider social security and welfare administration to be my life's work. I would like to ask those who say it is undesirable for politicians to be influential in government policies about how a politician, who cannot defeat bureaucrats in an argument, can take a leadership role. Politicians themselves are so confused that they tend to think political leadership is meant to launch policies, whether or not they can be implemented in actuality.

I do not think it is wrong for politicians to have the ability to evaluate government policies. The law on establishment of government offices limits each office's authority. There is no such law that limits politicians' power. This allows politicians to argue over government policies with totally different objectives and from a different point of view. It is a politician's duty to view from a different angle the policies worked out by bureaucrats based on their professional knowledge in order to revise them in such a way that all government offices concerned will be able to cooperate in implementing them.

[MAINICHI SHIMBUN] What should we bear in mind when we think of the Japanese economy toward the 21st century?

[Hashimoto] The Ministry of International Trade and Industry [MITI] plans to carry out its policies with three objectives. One is to improve social capital to increase domestic demand and rectify trade imbalance. The other is to narrow price gaps at home and abroad and improve market access through deregulation. The last is to promote the conversion of the existing industries to new industries before they lose the present business strength.

Let me add a few more things. Japan has to think what role it should play for the world economy. When I was appointed finance minister in 1989, the issuances of government deficit-covering bonds totaled about 160 trillion yen and the world's cumulative debts were $1.1 trillion. While the amount of government bond issuances continues to swell, demand for funds is increasing due to a shift toward a market economy in Eastern Europe and the former Soviet Union. Japan is the only country among the industrialized nations that is obliged to supply new money because of its current account surplus. However, Japan cannot meet all fund requirements. We have to consider how to deal with this issue.

[MAINICHI SHIMBUN] So, there are many tasks that MITI has to tackle.

[Hashimoto] Another issue is that taxes, pensions, and medical insurance are dealt with separately in many cases. Regrettably, there is not much argument about what quota should be adopted for the national burden on tax and premium of social security when the Japanese society's aging peaks. At present, the national burden rate is about 38 percent. However, if the ratio of burden on pensions is increased to 50 percent, the national burden rate will exceed 50 percent. If this happens, it may dampen people's will to work. I hope the rate will be kept below 50 percent, or if possible, below 45-46 percent when Japan's aging peaks, as proposed by the Second Ad Hoc Commission on Administrative Reform. This means we cannot afford to raise the current national burden rate by more than seven percentage points.

Japanese small- and medium-sized firms have great basic skills. Some have a forte for producing metal molds. However, they are facing a serious problem—they have no one to inherit basic skills from them. This worries me. We need to work out policies to resolve such problems.

Murayama: Taiwan Not Invited to APEC Forum

OW0601142995 Tokyo YOMIURI SHIMBUN in Japanese 6 Jan 95 Morning Edition p 3

[FBIS Translated Text] On 5 January, Prime Minister Tomiichi Murayama decided to ask Finance Minister Masayoshi Takemura to deliver his letter to Chinese President Jiang Zemin during Takemura's visit to China, which begins on 9 January. In the letter, Murayama plans to indicate his intention of not approving Taiwan President Li Teng-hui's attending the Asia-Pacific Economic Cooperation (APEC) forum meeting to be held in Osaka in November, in following the example of last year's APEC forum summit in Indonesia. Murayama appears to have decided to send a letter to the Chinese president in view of his failure to visit China at the end of last year because of his tight political schedule, and because of the settlement of the issue of Japan's yen loans to China.

Space Project With Germany To Be Lanuched 21 Jan

OW0701041695 Tokyo KYODO in English 0231 GMT 7 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 7 KYODO—Japanese and German scientists are getting ready for their first joint space project for the recovery of an experimental satellite to be launched from Kagoshima Space Center in southern Kyushu next week.

The Experiment Reentry Space System (Express), which uses a Russian-built space capsule, will be loaded with German and Japanese experiments aimed at researching the capsule's reentry into the atmosphere to improve satellite technology, Japanese space scientists said.

The Ministry of International Trade and Industry, the Education Ministry's Institute of Space and Astronautical Science and Germany's Deutsche Aerospace have been working together on Express, which will be launched into a circular orbit by a Japanese M3S2 rocket Jan. 15 at 10.45 p.m. [1345 GMT], they said.

Following a 128-hour journey around the earth at an altitude of 400 kilometers, the spherical capsule is scheduled to come down in south Australia's Woomera Desert on Jan. 21 around 7.30 a.m. (6 a.m. Japan time).

Throughout the experiment the course of the capsule, which has a diameter of 1 meter and is about 1.3 meters high, will be controlled by the German control center.

The scientists hope that the project will contribute to increase the probability of the successful recovery of objects after a journey in space paving the way for routine space trips to explore the solar system further.

They expect that around the year 2002, unmanned spacecraft will be able to take samples from asteroids which could provide clues about the evolution of the solar system.

So far the only materials retrieved from space are lunar rocks and soil.

Japan launched an experimental satellite last February using the domestically developed H-2 rocket, but did not recover it after its splashdown in the Pacific.

The United Sates, Russia and China have successfully recovered space capsules after landing on earth.

LDP Convention To Adopt New 'JF' Nickname

OW1101133395 Tokyo KYODO in English 1310 GMT 11 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO—The ruling Liberal Democratic Party (LDP) hopes to revamp its worn-out conservative image next week when the party convention adopts the initials "JF" as the party's new nickname.

LDP image planners took their cue from Japan's wildly popular professional soccer J. League in arriving at the "JF" moniker and hope their constituents will think of "Japan family" or "Japan's face" or even "justice and freedom" or any one of numerous different interpretations.

The party determined it needed to renew its image after being unseated in the summer of 1993 by a coalition of younger, reform-minded politicians led by the photogenic Morihiro Hosokawa and master strategist Ichiro Ozawa.

LDP elders were discouraged to learn that in nearly four decades of unchallenged control their party had become associated with the old political ways of corruption and factionalism as well as being a party of country bumpkins.

The party intends to welcome the new nickname with a lighted display on stage during the party convention.

Opposition parties, however, are not wasting any time in tweaking their political rivals by finding their own readings for "JF," such as "jitsuryoku ga fusoku (real strength lacking)" or "jubun ni furui (really old)."

---

* Group New Century Maneuvers for Power in LDP

952B0062A Tokyo SEIKAI in Japanese Dec 94 pp 42-47

[Article by Hirotada Asakawa, political commentator, in: "YKK's Actions To Take Over LDP Detailed"]

[FBIS Translated Text] *A deep-seated battle between Takeshita and Ozawa has been going on. If this battle is called the first stage of the political drama, the second stage, according to many observers, is the takeover of the YKK trio (Taku Yamasaki, Koichi Kato, and Junichiro Koizumi), which will replace Takeshita. The Group New Century [Shinseiki] was created on 16 May 1994 under the leadership of the trio. This group detaches itself from the traditional factions and acts as a policy group. Its vision toward political realignment has currently attracted a great deal of attention. The "three arrows," namely, "warmhearted Yamasaki," "logical Kato," and "action-oriented Koizumi," will soon not only shake up the Liberal Democratic Party [LDP], but also become a political time bomb.*

Group New Century, A Policy Action Group

On 13 October, an unexpected event ocured. Wataru Kubo, secretary general of the Social Democratic Party of Japan [SDPJ], was invited to lecture at an LDP policy group meeting. The name of the LDP's policy group is "Group New Century," led by the YKK trio. The young members of the group said excitedly: "No one could have expected things like this to happen a half year ago." Yet, perhaps the trio had imagined it as early as half a year back. The three are definitely farsighted, energetic, and full of action.

At the meeting, Kubo started off by saying jokingly: "It is an honor for an old-fashioned person like me to be invited to this new century group, which is aspiring for the future...." Then he concluded by saying: "In the process of political realignment, our New Democratic Alliance [Shin Minshu Rengo] might join hands with your group. If that happens, I hope we can work together well."

This event took place when SDPJ's Sadao Yamahana and Kubo started the New Democratic Alliance movement and were attracting much media attention. It is understandable that the instigators, the trio, smiled with satisfaction.

The day after the meeting, Koizumi told me cooly: "The Group New Century is future-oriented and seeks action and new ventures. Naturally, we have a vision of political realignment and will try to have wide-ranged exchanges." His enthusiasm indicated that the event was only the begining.

"Group New Century" is described as a policy action group, with the word "action" added to the conventional term "policy group." This is a new departure. In fact, the group has been quite active. A month and a half after its creation on 16 May, it played a big part in gaining political power for the LDP, SDPJ, and Sakigake [Harbinger].

Yamasaki, Kato, and Koizumi are all in their active fifties; all started their political careers at the same time and are eight-term consecutive Diet members. Yamasaki belongs to the Watanabe faction, Kato the Miyazawa faction, and Koizumi the Mitsuzuka faction. Originally, the trio was born out of a mutual trust and a resolution to oppose the control of the Keiseikai [Takeshita faction], which was then under much criticism.

It took a great deal of courage for the three politicians to oppose the Keiseikai, such a powerful faction at the time. The name YKK was given to the trio, originally to make puns, using the name of the zipper company. Shin Kanemaru, chairman of the Keiseikai at the time, dared to laugh and belittle the trio, saying: "Zippers are fragile things."

However, the trio is forceful and energetic. It has ignored small setbacks, opposed the single-seat electoral system, and forced Prime Minister Toshiki Kaifu, who was supported by the Keiseikai, to step down from office. Since that time, the term YKK has become well-known, gaining momentum in the newspaper political columns.

So much so that currently the word YKK has the meaning to "still a crying child." Perhaps because of this, a zipper company has renamed its company YKK.

The establishment of Group New Century follows the same story. When the LDP became an opposition party, Prime Minister Hosokawa's high popularity left the LDP leaders at a loss as to how to regain power. Haunted by insecurity, young LDP Diet members encouraged the energetic YKK trio to take the lead to stage an LDP comeback. Group New Century was then established for the trio to begin its full-scale activity.

Deep-Rooted Trust by Core Young Members for YKK

However, when the group was initiated, it was not without criticism. There was criticism by the executives led by Yohei Kono; and there was caution by some members, who fear that the junior members were overpowering the seniors in order to upset the factional control system. But Koizumi said firmly "There is no need to worry. We are trusted by our faction leaders, and we are well-connected with them." In fact, even if the faction leaders were cautious toward the YKK, they had to depend on the YKK for many things.

Because by forming a trio, their status in their factions increased greatly, putting them on the same level as the elderly executives, in spite of the trio's youth. Meanwhile, the split in the Keiseikai over the "Takeshita-Ozawa conflict" resulted in boosting YKK's significance.

For example, after the Keiseikai split, Koizumi became the posts and telecommunications minister in the revamped Miyazawa cabinet. Koizumi caused a drastic reform in the Ministry of Posts and Telecommunications.[MPT], which had been controlled by the Kanemaru-Ozawa line for years. His achievement included personnel reform. Later, when Ozawa formed Shinseito [Japan Renewal Party] and gained political power under the Hosokawa and Hata administration, Ozawa wanted to continue his control over the Ministry of Posts and Telecommunications. However, Koizumi coauthored and published "Dismantling of the MPT," sharply advocating his long-held conviction to "prioritize national interests over ministerial interests." He openly confronts Ozawa on this issue.

The Group New Century, comprising 64 core and young Diet members, is clearly anti-Ozawa, and it also opposes the seniority system, longevity service awards, and reform of the party organization. It continues to hold energetic study meetings.

In this way, the Group New Century positively identifies itself as the core of the reform forces, rather than Ozawa's group, which aims to form a new-new party. Another anti-Ozawa force formed by the former Keiseikai seniors centers on Takeshita, include Keizo Obuchi, Ryutaro Hashimoto, and Seiroku Kajiyama. But their grudge against Ozawa is similar to that of the hatred felt within an immediate family.

On the other hand, the YKK's opposition to Ozawa is more logical and less emotional. Moreover, there is a strong sense among YKK to be independent of factional attachment.

This shows that the YKK is ahead of its time, and it is an important factor for the core, young members to cash in on for their future by joining the group.

For instance, Hashimoto, Obuchi, and Kono were born in 1937 and are somewhat old-fashioned. However, Yamasaki was born in 1936, a year earlier than the above three. Kato was born in 1939, Koizumi in 1942. The YKK actually showed a fresh attitude, thus attracting the young members. On 10 May this year, the LDP staged a full-house public gathering at Hibiya Hall, aiming to regain political power.

Numerous Diet members got on stage to give speeches, but when the YKK appeared together on the stage, they were greeted by loud applause.

This proves that the public also pays attention to the YKK. During the general election held last summer, the "three arrows"—Kono, Hashimoto, and Ishihara gained popularity. However, at the next general election, to be held under the single-seat system, the YKK will surely gain similar popularity.

Each Acts on His Own as Situation Turns

Immediately preceding the extraordinary Diet session which commenced on 30 September, the Murayama administration focused on three issues, namely, tax reform, the issue of becoming a permanent member of the UN Security Council, and political reform.

LDP Policy Research Council Chairman Kato took the painful task of getting the three parties in power to approve a 5-percent consumption tax. It would be difficult to get the SDPJ, which had been opposing the consumption tax as its foremost agenda, to agree. However, Kato continued to work hard on the task of persuading the SDPJ. When this was going on, Kono, who had been in an adverserial position with Kato, under the so-called K-K war within the Miyazawa faction, attempted to remove Kato from his position, which he had held for two months.

Perhaps Kono feared that Kato would get too powerful because of his activities in the Group New Century. However, Kono might have dealt with the situation too personally. Unlike the situation in which a single party holds power, Kato, as the chairman of LDP's Policy Research Council, now has to coordinate policy with two other parties in power, working mostly with other party partners. If he were replaced after two months, it would be disrespectful to those partners.

In spite of the political slapstick, Kato tenaciously persuaded the SDPJ to agree to the consumption tax hike and scored as Policy Research Council chairman.

Regarding the permanent seat on the UN Security Council, Koizumi formed on 5 August a group called "Kangaeru-kai" to promote a joint effort by the parties in power for a deliberate handling of the issue. Koizumi wanted to prevent bureaucratic walkover, and at the same time, to pay attention to reactions by Asian neighbors and to gain public approval.

Yamasaki, on the other hand, became leader of the triparttite coalition dealing with political reform. He devoted himself to putting together the reform bill to counter Ozawa and his group, who formed the parliamentary group Kaikaku [Renovation] at the extraordinary Diet session. Prior to this, Yamasaki anguished over Michio Watanabe's on-again, off-again moves to bolt from the LDP. Yamasaki and Watanabe have worked closely together ever since the creation of the Onchikai [Watanabe faction].

The possibility of Watanabe leaving the LDP shook up his faction. Yamasaki earnestly persuaded Watanabe and encouraged the core and younger members to remain in the party. It can be said that Yamasaki contributed to stopping the Watanabe faction from breaking apart. At the same time, his efforts may have resulted in the LDP regaining power. If Watanabe had bolted from the LDP with many of his faction members to side with the former coalition, the LDP might still be an opposition party today.

Thus, the YKK trio acted similarily in each situation and turned the situation around, attaining results. They have not consulted each other beforehand to share their roles, but rather, "Each task is divided and carried out spontaneously by the three persons in each different field," according to Koizumi.

Moreover, Koizumi added: "At times, one person does a job big enough for three persons, and at other times, three persons do a job together. This flexibility is our strength. Although we are individuals with strong personalities, our flexibility keeps us in harmony with each other."

The trio was elected to the House of Representatives in December 1972. It is rare in the political world that these three politicians have kept their friendship alive for 22 years, rising above factional affiliations.

How Long Will YKK's Friendship Last?

There have been long-lasting friendships in the political world in the past, such as the case of Shintaro Abe and Noboru Takeshita, and that between Kakuei Tanaka and Masayoshi Ohira, who were called sworn friends. However, these relationships were between two friends.

The reason for the trio's rare friendship is because they recognize each other's competency as policymakers, their quick action, and their ability to be trusted by both leaders and young members within the faction. Kato graduated from Tokyo University, Yamasaki from Waseda University, and Koizumi from Keio University. These three universities represent the top three alma maters of Diet members, giving the trio a well-balanced collegial association.

If one is to boldly describe the differences among the three, one may call "Yamasaki warmhearted," "Kato logical," and "Koizumi action-oriented." Perhaps, such differences too make them fitting partners.

When Prime Minister Kaifu was in office, Koizumi made an all-out argument against the single-seat election system at an Executive Council meeting. His televised debate was so dramatic that the tape has been aired repeatedly since.

The viewers who watch Koizumi debate appraise him differently. Some praise him, saying: "Koizumi is a courageous politician who would put forth enormous strength in adversity. On the other hand, some criticize him, saying: "He seems to be eccentric." However, workers at Koizumi's office, laughingly say: "Many of those peopl, who thought Koizumi was eccentric, have changed their minds, once they actually met and talked with him. They were surprised to find him logical and calm."

All three are good at taking care of their junior members. For instance, when he gives lectures or speeches, Kato acknowledges by name all those younger members who helped establish the Murayama administration. The same is true of Yamasaki and Koizumi. They all go out of their the way to "give credit to others," as Takeshita used to say. Such acknowledgement is rare in the political world, where politicians are overwhelmingly self-centered.

A few days ago, I met a new candidate running on the Sakigake ticket. He asked Koizumi to give a lecture, even though he thought Koizumi would turn him down. But Koizumi readily accepted the request. The candidate was so moved and said: "Koizumi is really a broad-minded person."

Although the trio have maintained their friendship for years, the question arises whether they can hold on to their friendship when they move forward and have to compete for power on a bigger stage.

A bureaucrat turned Diet member predicts: "When that happens, Kato should have the major role. The question is whether Yamasaki and Koizumi can readily cooperate. YKK will break down at this point." He seems biased toward Kato because of his background as a former bureaucrat. Nevertheless, this rivalry will be an unavoidable situation in the near future.

However, if the three put out their best and have luck, it may not be a dream that all three will take turns in reaching the top post of premiership, because it is a fact that all are outstanding in different ways.

Pursuit of New Frontier Dream With Youthful Energy

About the time immediately before Prime Minister Hosokawa announced his decampment, Koizumi loudly forecasted: "There is a big movement beginning underneath the surface which ignores factional and party borders."

The initial outcome of this movement can be said to be the establishment of Group New Century, and the second, the birth of the LDP-SDPJ-Sakigake coalition with Murayama as prime minister. These drastic events ignored factional and party affiliations. Moreover, the SDPJ made a 180-degree change, plunging into a period of "borderless" policy. Through these events, the YKK trio has started and is continuing to develop their activities. Their future moves will give concern to political observers.

The Group New Century's activities have accelerated the trend toward generational shift. In fact, the group members are recruited among those who are under 60 years old. Their enemy is Ichiro Ozawa, a rival in his fifties with a strong traditional ties. The group's main task is to plan and push forward a shift from the old to the new, including Ozawa.

Takeshita is often called Ozawa's rival. If Ozawa versus Takeshita is the first stage, then the second stage can possibly be Ozawa versus YKK, instead of Takeshita. Because Yamasaki's factional rivals, who are Toshio Yamaguchi and Takeshi Noda, and Koizumi's rival, who is Michihiko Kano, all have joined the Ozawa camp, this has certainly aggravated the YKK.

In the midst of this fierce battle, the YKK might act unexpectedly and step out of the LDP boundaries, as circumstances require. If their actions are too drastic, then conflicts with other LDP groups can be expected. The point is that they may make new enemies and also new allies.

Generational conflicts will result from this process. If the YKK camp increases its members, its future will be bright. Conversely, if its membership decreases, it will have to overcome many obstacles before it can see the light.

In the end they will have to try hard to avoid being called arrogant by others. Members of the older generation tend to resist the advance of the younger generation and to react to their advance as a protrusion and percieve themselves as victims. The YKK needs to pay particular attention to this.

The target date for the establishment of Ozawa's new-new party, 10 December, is fast approaching, while "borderless" political chaos increases. Kato asserts that "it is important to recognize that a war exists between the governing coalition and the Ozawa-Daisaku Ikeda line."

Meanwhile, Koizumi is showing his preparedness, saying: "In the past, we used to say that in the political world, one could see at least a little while before it became pitch-dark, but now that things are moving so fast, we have only a split-second before darkness comes." Moreover, Yamasaki stresses: "We will continue to contact all political groups freely."

In the prospectus of Group New Century, there are words, such as "new frontier to be explored with a dream and youthful energy," "present the public with concrete policy, which will open the door to the future." But what will the YKK do to realize these promises? How will they open the door to the future? Their actions in this political chaos will be watched closely, and the maintaining of a friendly rivalry with each other will be the key to their success.

[Box, p 45]

Nagatacho Information—New-New Party "Secretly" Recruits Acquitted Fujinami

Takao Fujinami, the former chief cabinet secretary, who was accused of involvement in the Recruit scandal, was found innocent by the Tokyo District Court. It is reported that he has been secretly invited to join the new-new party to be inaugurated in December.

Fujinami failed in the last election, and as soon as his name was cleared, LDP Secretary General Yoshiro Mori said that "there is no problem in Fujinami's rejoining the LDP," suggesting that Fujinami will surely run on the LDP ticket in the next election.

However, when former Prime Minister Takeshita rejoined the LDP, there was unexpected public criticism, prompting the LDP to be cautious. In addition, 1) Fujinami will have to compete with the SDPJ incumbent in his constituency, Ise City; 2) Fujinami is unhappy with the LDP's cold treatment while he was under house arrest. All these factors contribute to the uncertainty about whether Fujinami will run on the LDP ticket.

On the other hand, the new-new party includes Shinseito acting Secretary General Kozo Watanabe, who has been Fujinami's close friend since the time they both belonged to the Waseda University oratory club; former Prime Minister Toshiki Kaifu, another oratory club friend; and Takeshi Noda, who was Fujinami's "follower" when they both belonged to the Nakasone faction. Therefore, it seems more comfortable for Fujinami to be with the new-new party.

There is a saying that "an old eagle is better than a young crow." The Shinseito side can expect Fujinami to have influence over the LDP, if Fujinami, once called one of the "new leaders," joins with them. However, some Komeito members are hesitant, saying: "Although he is acquitted, if we allow him to join with us, we can no longer criticize Takeshita for rejoining the LDP." [end box]

Ozawa Hints at Forging Alliance With SDPJ Rebels

OW1101021495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 10 Jan 95 Morning Edition p 2

[FBIS Translated Text] The New Democratic League [NDL], led by Sadao Yamahana of the ruling Social Democratic Party of Japan [SDPJ], is moving toward forming a new party. Commenting on the moves by the NDL at a 9 January news conference, Ichiro Ozawa, secretary general of the New Frontier Party [NFP], said, "If the NDL forms a new party and a parliamentary group, we will have to maintain a dialogue with the NDL." In this way, Ozawa made it clear the NFP will consider forging an alliance with the NDL in a forward-looking manner. On electoral cooperation, Ozawa said, "It is desirable to discuss the possibility of electoral cooperation with the NDL or other parties before political parties choose the candidates to run on their tickets." Thus, Ozawa indicated the NFP intends to hold specific consultations with the NDL before it selects candidates in February to run on its tickets under the new single-seat constituency system for the House of Representatives.

At the news conference, Ozawa also indicated that "the NFP will consider the possibility of forging an alliance with any new party." Discussing conditions for forging an alliance, he said: "The convergence of political views is required. I do not mean the stance on the Murayama government. Commonality of political beliefs and fundamentals is required." In this way, he suggested the possibility of the NFP forging electoral cooperation with the NDL even if the NDL cooperates with the Murayama government without participating in the Murayama cabinet. Ozawa denied reports that the NFP is already holding talks with the NDL behind the scenes, saying, "I have not heard of it and I myself have not held such dialogue with the NDL." Tatsuo Kawabata, who is affiliated with the NFP and was formerly a member of the now-defunct Democratic Socialist Party, has attended a meeting of the NDL's New Party Preparation Council. Commenting on his departure from the NFP, Ozawa indicated the NFP will tolerate his action by saying, "We need not take any disciplinary action against him."

Ozawa has refused to hold any news conference since he attended a news conference held by Kaifu upon his assumption of the presidency [of the NFP]. Ozawa expressed his intention to hold a regular news conference on every Monday and Friday.

Impact of Hata-Ozawa Feud on NFP Assessed

OW1101133695 Tokyo TOKYO SHIMBUN in Japanese 6 Jan 95 Morning Edition p 2

[Article by reporter Yasuyuki Oguri: from the "Scope—Forecasting 1995 Political Situation" column]

[FBIS Translated Text] The assessment of the relationship between Vice President Tsutomu Hata and Shinshinto [New Frontier Party (NFP]) Secretary General Ichiro Ozawa is essential in forecasting the NFP's future growth because their feud, which was sparked during last year's party presidential election, has the weight to affect all aspects of the NFP. Therefore, lawmakers close to them are wary of each other's moves and the prevailing view is that it will be difficult for the two to restore their past allied relationship. There is a possibility that the two groups backing Hata and Ozawa will intensify their confrontation over appointments to key party posts and money distribution.

Hata attended a party held late last year for Keiwa Okuda as the only politician. Speaking at the party, Hata said: "I and Mr. Okuda have maintained a brotherly relationship. Okuda has come to my assistance on everything. Mr. Okuda's remarks will be of importance in the future."

Okuda is a point man for the anti-Ozawa group in the NFP, and moved around in support of Hata during the party presidential election. The closeness of their relationship has given the impression that the relationship between Hata and Ozawa is getting worse. Hata recently said: "There is a time when I have to ally even with devils. I may choose a line different from Mr. Ozawa's." Of late, he has conspicuously made stinging comments about Ozawa.

It seems unlikely that under the present circumstances, Hata will "take an action" that will lead to a total confrontation with Ozawa." Nonetheless, the growing view within the NFP is that Hata and Okuda, who are in "the same boat" (as Okuda has said), will move against Ozawa in the future.

Against this backdrop, some NFP members close to Okuda have begun forming a study group, an anti-mainstream group to "keep Ozawa under surveillance." It is believed that Hata does not participate in the study group because of his position as vice president. While Hata and Ozawa are far from reconciliating with each other, the NFP is heading for bipolarization.

Meanwhile, NFP members close to Ozawa are cool to both Hata and Okuda. Ozawa intends to use the "Ichi-Ichi line" forged between him and Yuichi Ichikawa, NFP Policy Research Council chairman and secretary general of the now-defunct Komeito [Clean Government Party], to run the NFP as he has done in the past. Ozawa does not appear to have any intention of restoring his allied relationship with Hata. This attitude can be seen in his recent appointments to the government preparatory committee (Tomorrow Cabinet) and key party posts.

Okuda and other NFP members, who have openly criticized Ozawa, were excluded from appointments to the "Tomorrow Cabinet." On the contrary, Taiichiro Nishikawa, who was affiliated with the now-defunct

Shinseito [Japan Renewal Party], and Kenzo Yoneda, who was affiliated with the Liberal Democratic Party, both first-elected lawmakers, were each appointed as full-time secretaries as a reward for their vigorous support for Kaifu as party president and Ozawa as party secretary general. In this way, Ozawa appointed only NFP members close to him to key party posts, triggering a backlash from the Okuda group (according to a senior NFP member).

The Ozawa group appeared to have drawn the conclusion that if they tolerate moves by the anti-Ozawa group under an unstable intra- party situation, it would "inspire" the anti-Ozawa group to move against Ozawa.

The Ozawa group, which holds real power, has the right to choose candidates to run in the next general elections and distribute political funds. The anti-Ozawa group is guarding against the Ozawa group, saying: "They would leave us out in the cold in selecting the candidates and distributing political funds."

On 24 December, Hata and Ozawa met at a restaurant through the mediation of Kozo Watanabe, NFP Deputy Secretary General, amid mounting discord between the two. Watanabe said afterwards: "They drank in an amicable atmosphere." But for now, there are no results from their amicable get-together.

* New Frontier Party's Lack of Policy Criticized

952B0071A Tokyo ASAHI SHIMBUN in Japanese 25 Nov 94 p 4

[Article by political reporter Etsuya Saito: "New Frontier Party Should Clarify Reason for Its Existence; Concrete Policies That Are Desired Lack Appeal Because of Giving Priority to Election"]

[FBIS Translated Text] The new-new party conceived by such opposition parties as Shinseito [Japan Renewal Party] and Komeito was decided on as the "New Frontier Party" on 24 November. On 10 December a large party will be born which equals the Liberal Democratic Party [LDP] in size, but considering that, there is a lack of bubbling vitality. It has given too much priority to adding up numbers in terms of election measures with an eye on the lower house parallel system of single-seat districts and proportional representation, therefore, important policies have a noncommital content that offends no one, and the selection of a party head is also making no progress. It looks as though that is making the outline of the New Frontier Party blurry. How would it be if they further emphasized the meaning of the party's existence by adjusting policies for effect?

Preparing for the New System—"Form the Party First"

"Why is there no upsurge of emotion in spite of saying that it is the birth of a sumo grand champion of the West to challenge the LDP sumo grand champion of the East?" A number of reasons can be thought of for the executive of the New Party Preparation Council to lament.

First of all, to a great extent formation of the New Frontier Party is something to "tide over an emergency" for the purpose of preparing for the parallel system of single-seat election districts and proportional representation which will be introduced for the Lower House.

The Shinjiyu Club [New Liberal Club] and the Japan New Party come to mind as examples in which, helped by the current of the times, new parties created booms. Both appeared as hopes for a new force because at the time of LDP one- party rule the public became disgusted with such financial-influence corruption as the Lockheed scandal and the Sagawa Kyubin scandal.

In comparison with that, the New Frontier Party came together into a single entity in preparation for an election by a new system in which a showdown with the LDP is assumed. The reality is close to the existing opposition-party alliance. The character of the party is vague because priority was given to "forming the party first."

Although the party platform espouses such things as "unflinching reform," "responsible government," and "resolute diplomacy," it is lacking in concrete discussion. Immediate important policy also became abstract at the narrowing down stage.

For example, such things as treatment of the problems 50 years after the end of World War II and opinion on the right of collective self-defense were accompanied by enthusiasm which sets a direction. Differences among various parties emerged, so in the end it was put off. Promotion of international cooperation centered on the United Nations was also considered one special characteristic, but consideration was given to Komeito's argument for caution, so participation in peacekeeping forces (PKF) did not go beyond "being under study."

Shinseito secretary general Ichiro Ozawa, who is chair of the Executive Committee of the New Party Preparation Council, points out that: "Speaking of interpreting the Constitution, up to now neither the LDP nor the Social Democratic Party of Japan [SDPJ] have arrived at any conclusion." If that is true, it is probably all the more necessary that the New Frontier Party indicate "a difference."

With a Party Head Not Decided on, Interest Is Also Low

Such things as the thesis of "a normal nation" that is also willing to cooperate militarily under the United Nations, which Ozawa developed in his book *Bludeprint for Building a New Japan*, have been regarded as the representative standard of new conservatism. The flexible posture at this point can also be taken as a defensive posture which wants to face the election with as few "deserters" as possible by not pressing to the limit the kind of policies that invite friction among the various parties.

The drive of the New Frontier Party is also being reduced by the fact that Komeito and the Japan Democratic Socialist Party are preserving their local organizations and leaving room for repairing relations with the LDP and so on. Even though the situation of wanting to survive in an election by the new system is the same, the reality is that the SDPJ's New Democratic League [Shin Minshu Rengo] movement, which breaks away from the government ruling parties and wishes to aim for a third force, is giving political circles a greater feeling of tension.

The point that such candidates for party leader as former Prime minister toshiki Kaifu and the last Prime Minister Tsutomu Hata lack freshness is also making it difficult to attract public interest. One can say that, "by rights the proper nature of a new party is for comrades to join forces under a flag raised by the party leader" (former education minister Takeo Nishioka), but the impression weakens if the "face" of the party leader is not even visible.

In the current situation, regardless of who becomes head of the New Frontier Party, it will probably be regarded by society as "the Ozawa new party." For better or worse, the one who shows the most sense of existence as the "face" of building the new party this time is Ozawa.

If that is so, rather for Ozawa to come out in front by occupying the position of party head might be a step which would give a clear image to the voters. There is considerable reaction against Ozawa, who is responsible for the parties falling into opposition parties, so it is to be expected that Diet members would appear who hesitate to participate in the new coalition party because Ozawa's leadership is conspicuous. But the party's character and principles, and the policies which it aims at would become clear.

Fulfill Responsibility by Clear Statements!

Formation of the party has become imminent, and concrete plans for showing the meaning of the party's existence have finally also begun to appear in the New Party Preparation Committee. At the party leaders' meeting on 18 November, Komeito secretary general Yuichi Ichikawa proposed that, "It is necessary for us, who make reform our watchword, to show an axis of opposition and continue to prod the governing parties with it," and cited administrative reform, decentralization, and relaxation of regulation as tasks with the highest priority.

The coalition government of the LDP and SDPJ which had supported the 1955 system has a strong character of valuing vested interests. Policies which have repeatedly compromised by giving priority to "preserving the government" also stand out. One must go on challenging by concrete measures problems into which it is difficult to go deeply because of the current government. In order to do that, the existence of an opposition party whose statements are clear and that is capable of taking a turn at government is indispensable. The responsibility of the New Frontier Party is bound to be heavy.

Immediate Priority Policies of the New Frontier Party

- Creation of a New Japan
  —Resolutely carry out Diet reform, including reduction of the fixed number of Diet members, administrative reform, government-finance reform, local sovereignty, and relaxation of regulation. Push ahead with concrete measures for these as tasks of the highest priority.
  —Advocate also "constitutional debate" which discusses the Constitution without taboos.
- World Peace and Stability by "Resolute Diplomacy"
  —Propose holding a "United Nations reform summit" for the purpose of promoting reform of the United Nations.
  —Aim at becoming a permanent member of the UN Security Council.
  —Establish within the party a committee for studying the situation 50 years after the end of World War II.
  —Strive to build a national consensus by establishing within the party a "committee on basic security problems" concerned with such things as the relationship of the Self-Defense Forces and the Constitution and the assignment of a constitutional position to the concept of collective security by the United Nations.
  —Assign to the work of cooperation in international peace the position of the main mission of the Self-Defense Forces. In a review of the Peacekeeping Operations Cooperation Law, promote discussion including ending the freeze on a peacekeeping force.
  —Study establishment of a basic security law.
- Welfare and Affluence of Which Consumers Can Be Assured
  —Devise and promote a "welfare new era strategy which has a view of the 21st century."
- * The Symbiotic Society and Creation of a New Industrial Civilization
  —Change from protection and regulation to a policy of deregulation. - Promote the "Plan for Reforming the Structure of Japan's Economy."

SDPJ Rebel Group To Form New Bloc 'Next Week'

OW1101080795 Tokyo KYODO in English 0704 GMT 11 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO—Sadao Yamahana, who leads a rebel group inside the ruling coalition partner Social Democratic Party (SDP) [SDPJ—Social Democratic Party of Japan], and two other key members of the group agreed Wednesday [(11 January] to aim at forming a new parliamentary group early next week as a step toward creating a new party.

Yamahana and Makoto Tanabe, both former SDP chairmen, and Churyo Morii of the rebel group New Democratic League (NDL) said they discussed the procedures for forming a Diet bloc of legislators who would agree to join a new "democratic and liberal" party.

The three NDL leaders agreed that the new parliamentary bloc should be formed around Tuesday.

SDP sources said about 30 lawmakers—mainly from the NDL—as well as several others from non-SDP parliamentary groups are likely to support the new party plan.

In a related development, three members of a Diet bloc called the New Democratic Club reaffirmed Wednesday that they will join hands with the NDL to form a new party.

Banri Kaieda, who heads the club, and two members, Seishu Makino and Takashi Oya, also agreed that if the new party should eventually merge with Shinshinto (New Frontier Party), a newly created giant opposition party, they would not follow such a move.

The SDP, which currently forms the ruling coalition with the Liberal Democratic Party (LDP) and the tiny LDP splinter group New Party Sakigake, is on the brink of a major split as the NDL pushes forward toward leaving the SDP to form their own new party.

Yamahana and his followers have said they will quit the SDP unless they can reach agreement with party chairman and Prime Minister Tomiichi Murayama on the time frame for inaugurating a new party, which they urge should be earlier than Jan. 20, the starting date of the next ordinary Diet session.

They have advocated dissolving the SDP and rallying all "democratic" and "liberal" forces into joining a new party to rival Japan's two conservative parties—the LDP and Shinshinto.

SDPJ Supporter Union Refuses To Back Yamahana

OW1101094195 Tokyo KYODO in English 0851 GMT 11 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO—The largest of labor unions which support the Social Democratic Party (SDP) [SDPJ—Social Democratic Party of Japan] again distanced itself Wednesday [11 January] from a rebel group, led by party former chairman Sadao Yamahana, which plans to quit the SDP and create a new party.

In an emergency meeting of its local heads, the All Japan Prefectural and Municipal Workers Union (Jichiro) endorsed a decision by its central executive committee not to support Yamahana's recently created panel to prepare for launching a new party, union members said.

They said the union committee recently issued a statement, saying that creating a new party just before an ordinary Diet session convenes is unacceptable, and it criticized Yamahana's move as a possible catalyst leading to the SDP's falling apart.

Some participants in Wednesday's meeting, however, opposed hindering any moves toward the formation of a new democratic and liberal party as such a plan is on the SDP's political agenda.

Yamahana has already set in motion the process of creating a new party despite prime minister and SDP Chairman Tomiichi Murayama's cautioning against any rash actions.

Yamahana has vowed to leave SDP unless Murayama agrees to inaugurate a new party before the next Diet session convenes next week.

Meanwhile, a senior lawmaker of the Liberal Democratic Party (LDP), the key partner of the SDP in the three-party ruling coalition, played down a possible effect of the SDP's crisis on the Murayama administration.

The SDP turmoil "doesn't indicate the Murayama cabinet is shaking," LDP Vice President Keizo Obuchi said.

"We have been seeing that the premier's SDP has been in confusion in the past few days, but I believe it will settle down," Obuchi said on a private TV network program.

"The SDP, at the center of power, is in the throes of giving birth to a new political style and a new mode of thought," he said. "I can see the party is trying to achieve a great metamorphosis into a more realistic political entity."

* Timing of Elections, SDPJ Dissolution Viewed

952B0055A Tokyo USHIO in Japanese Dec 94 pp 122-125

[Article by Takao Iwami, political commentator: "Views of Murayama and Ozawa on Lower House Dissolution"]

[FBIS Translated Text] When we asked a certain leader of the Liberal Democratic Party [LDP] how he predicted the next general elections would come out, he stared at the ceiling for a while and responded, "For the LDP it will be a major victory or a major defeat, I'd say." He meant it is completely impossible to read.

The next general elections, to be held for the first time under the new electoral system (dual small electoral district and proportional representation system), will be an arena of unparalleled uncertainty for every political party and Diet member. A very small number may be shoo-ins, but most can have no confidence in the outcome.

Among these, the Social Democratic Party of Japan [SDPJ] faces the most serious situation. Some even say, whether in jest or in earnest, "If we plunge into general elections in this condition, might not Takako Doi alone be sure of winning in a small electoral district?" Lately, Prime Minister Tomiichi Murayama, too, is rumored to have let on that "I certainly would have preferred to go once more with midsized electoral districts."

Speculation is even rampant that "the reason Ozawa (Ichiro, acting representative of Shinseito [Japan Renewal Party]) is rushing to form a new-new party is because Takeshita (Noboru, former prime minister) is leery of tackling dissolution and general elections with midsized electoral districts." However, there no longer is any way to use the midsized electoral district system; and if such a situation were to exist public opinion might see it as "politics gone mad," because the political overhaul of the past several years would fundamentally lose any meaning.

Since dubious reports on dissolution and general elections are heard all the time, they are not surprising; but the timing for a dissolution has finally become the focus of ruling and opposition party skirmishes.

The following exchange took place in the interpellations at the lower house plenary session of 5 October.

Tsutomu Hata, Shinseito president: "If the bill delineating the small electoral districts passes, naturally we will hold elections under the new system. We should dissolve quickly and seek the judgment of the people. It's ridiculous for ruling party leaders to speak of 'general elections two years hence.' Because politics has brought about some surprising changes, is not seeking the people's confidence indeed democracy?"

Prime minister Murayama: "As for dissolving the lower house, with a huge pile of issues at home and abroad, such as economic measures, pushing political reform ahead and so on, a political vacuum cannot be allowed. So, I'm not considering dissolution now."

Both were stating their public positions, but also proximated their real intentions. The new-new party, whose banner Hata and others will be hoisting in December, is farther along with election preparations than is the ruling coalition. It calculates that driving for early dissolution is the best plan. For their part, the ruling coalition parties are having trouble lining up candidates for both the LDP and the socialist parties, so that dissolution and general elections cannot fail to tie directly into the present regime's collapse. Hence, they have followed a course of doing their utmost to defer that; but that would be strictly in the interest of the parties.

One should perhaps say it was generally sensible for Ozawa to say, "In principle, one solid argument is to face the judgment of the nation once the new electoral system is in place" (18 October press conference). Yet, if only because timing of the dissolution will bear decisively on each party's fortunes, it readily lends itself to being used politically, no matter how much criticism they draw for pursuing mere party interests.

Party vice president Keizo Obuchi, in overall charge of LDP election preparations, predicts that "the general elections may be next summer after the upper house elections." Policy Affairs Research Council Chairman Koichi Kato also says, "I think next year we'll have upper house elections as a time for the national will to be expressed. Dissolution would come at least after the upper house elections."

We may judge that thre is unity of intent within the LDP for "after the upper house elections." Also in terms of scheduling, in the first half of next year, in April, local elections will be sandwiched in, so that dissolution before the upper house elections will not work. Still, merely to say "after the upper house elections" does not clarify whether it will be next year or the year after next.

The SDPJ's Two Options Under Small Electoral District System

Furthermore, statements on a dissolution by Secretary General Wataru Kubo of the ruling SDPJ have been ambiguous of late. Around summertime, Kubo was contending, "At a time when domestic and foreign issues are piling up, a political vacuum should not be created through elections. The possibility of holding general elections is very slight at least until the end of next year. It makes sense to think of holding elections in the final year of our term (the year following July 1996)."

That carries the nuance of not dissolving the Diet until summer of the year after next, and obviously not next year. However, in his 8 October press conference he abruptly changed his tone, saying, "We must avoid a political vacuum; but we must pay close attention to public opinion inasmuch as we are entrusted by the public to create a new system." After that, he also said, "If the new-new party can be formed by yearend, in next year's regular Diet session the parties may increasingly call for dissolution and general elections under the new system." Also, "Public opinion holding that we should have elections early next year is at 70 percent." Nagatacho was tense due to his having repeated statements implying January dissolution and general elections. Kubo hurriedly said, "The probability of early dissolution is zero. Yet, at a time when political restructuring is moving rapidly, I cannot say that 'elections are far distant.' It is my duty to guide the whole party's preparations for the struggle." This was explained as aiming for a tightening up within the party; but political circles are dubious about that.

The true intent of the Kubo statements is taken in various ways, but seems not unrelated to his proclaiming the party's disbanding through formation of a "democratic liberal new party." One can read into it the intent of increasing tensions by fanning a mood for dissolution so as to prepare the environment for the new party's formation.

That means that, in holding elections under the small electoral district system, the SDPJ has but two options: 1) to strengthen its alliance with the LDP, or 2) to newly pull together the social democratic liberal forces. The first ties into a LDP-SDPJ new party concept and would take the form of the SDPJ being de facto absorbed by and merged with the LDP. It was not that course, but another which the secretary generals' report accepted at the 22 October national conference of those responsible for election measures: "We must extend our wings over the social democratic liberal stratum within the new and former conservative forces and create a new political order responding to the public's diverse options."

It means moving to create the new party. However, chances are remote of participants from the new and old conservatives being taken in and its developing into a force larger even than the present socialist party.

Instead, if they rush to force the formation of the new party, one could expect there to be defectors who would tie up with the LDP or the new-new party, so that the size of the new party would shrink to less than the present one.

With Prime Minister Murayama holding the power to dissolve the Diet, one must judge that the SDPJ's new-party problem and the timing for dissolution will come to be closely related. Sandwiched between the LDP and the new-new party, the SDPJ would be at an impasse; and if intraparty confrontations over such issues as a new party become aggravated, it would be a case of turning to party dissolution as a way to break out of crisis.

Anyway, at the point of the new-new party's 10 December formation the political situation will see the degree of tension rising again. Even though by common sense it would be "after the upper house elections," political conditions will continue under which happenings will easily occur.

* Soka Gakkai Adopting New Political Strategy

952B0084A Tokyo THIS IS YOMIURI in Japanese Jan 95 p 28

[FBIS Translated Text] **Soka Gakkai's "Three-Party Coalition Party" Concept**

As part of its preparations to cope with the new election system, the Soka Gakkai has modified its posture of supporting only Komeito, has decided on a policy of dealing with politicians on the basis of "personal qualities," and has moved one step forward towards adopting a new political strategy. The change is based on the perception of the times according to one Soka Gakkai source wherein "the Soka Gakkai has passed the age where it relies solely on Komeito."

If one were to summarize the logic pursued by the Soka Gakkai, it would be that whether the party in question is the Liberal Democratic Party [LDP] or any other party, as along as it is a party that is useful to the Soka Gakkai the latter will support the party in question. As an example, in the Tokyo governor's election scheduled for the spring of 1995, the Soka Gakkai plans on giving priority to the group of politicians of the LDP and Komeito who are part of the ruling party forces rather than to the New Frontier Party forces. A former Komeito member states in connection with future House of Representatives elections, "if a Komeito candidate is unlikely to win 51 percent of the votes, the Soka Gakkai will shift its support to a candidate of another party." Under such circumstances, a source with the New Frontier Party visualizes "a situation in which the Soka Gakkai will support a three-party coalition government comprised of the LDP, former Shinseito [Japan Renewal Party], and former Komeito."

* Politics on Trial Under New Election System

952B0061A Tokyo ASAHI SHIMBUN in Japanese 20 Nov 94 p 2

[Article by political reporter Yoshitada Murakami: "New Election System Covered With Question Marks: 'Reform' That Is Convenient for Politicians"]

[FBIS Translated Text] *The districting law will be approved on 21 November, so the procedure will be completed for changing the lower house election system to a parallel system centered on single-seat electoral districts with proportional representation also included. It has been emphasized that the aim of this is to realize "politics that is filled with the tension of alternation of governments" through "elections that emphasize parties and policies." What people have in mind is realization of a system of two large political parties, but actually there is no history that supports that kind of scenario. What will be produced by making a fresh start on the postwar political system? It will also be a time of trial for Japan's democratic politics.*

The words of the Spanish philosopher Ortega were also quoted in the Diet debate: "The soundness of democracy is influenced by whether the election system is appropriate and in accord with reality." That is precisely why Italy and New Zealand, which recently changed their election systems, decided on it by national plebiscites; but no one mentioned that fact.

In Japan, after the general election of the summer of 1993, every party except the Japan Communist Party suddenly agreed on introduction of a parallel system. Until then, to moderate and progressive forces a parallel system was "a scheme which aims at realignment toward conservative one-party rule and revision of the Constitution," but it changed into something from which one could expect "a system of two large parties" or a "sound multiparty system."

But of major nations with single-seat district systems, at present England is the only one in which a system of two large parties which emphasizes political parties has taken root. By last year's general election, Canada became a system of one strong party and four weak ones. It is said that in democratic developing countries the model of single-party dominance is most common.

The nuclei which support Western Europe's party-centered politics are political and cultural differences based on such things as class, religion, ethnicity, and region; above all, the existence of social democratic forces is important. Even in Western Europe, the cold war has ended and the axes of opposition have became difficult to see, so political parties are agonizing over internal unity.

What will replace the 1955 setup in Japan? In the debate on political reform it was anticipated that confronting forces would be formed by such political axes as "consumers" versus "producers," or "big government" versus "small government." Now, the reality of the new-new party and so on growing tired of searching for individuality shows the difficulty.

In a single-seat district system policies become even more similar because of seeking support from the majority. Can a structure of opposition be formed at a time when joint endorsement of candidates by every party is advancing in local politics? The future of such things as "emphasizing political parties" is shrouded in mist. It is probably the result of having been swayed by the myth of a system of two large parties and the "thesis of system omnipotence" which holds that one need only change the election system.

Taking even the objective of reforming the knit-together structure of government, bureaucracy, and business, informed persons have great concern that "it will be difficult, because the single-seat district system will stimulate firming of constituencies, and politics that takes orders from clients." What made the pillar of political reform, whose starting point lay in measures to prevent corruption, into the election system, was probably a fraudulent switch. In Italy, which has proportional representation, the political parties self-destructed by being covered with corruption, and France, which has a single-seat district system, is gasping under structural corruption. There is no direct cause-effect relationship between election systems and corruption.

The medium-district system was adopted as the lower house election system in 1925, at the same time as the universal suffrage system. The history of "reform," which has repeatedly controlled and watered down, also began at that time.

This time also, the government avoided hastening the judgment of an election and introduced the political party subsidies on which England and the United States are taking no action. On the other hand, Italy, where this subsidy deepened political corruption, could be considered a teacher. Contributions from companies will also continue, so it became an excessively selfish reform for politicians.

Table of Diet Strength Reported

OW0901113395 Tokyo KYODO in English 1031 GMT 9 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 9 KYODO—The following is a table of parliamentary strength in both houses of the Diet following the registration Monday [9 January] of the Liberal League in the House of Representatives:

House of Representatives		House of Councillors	
Ruling Coalition			
LDP	200	LDP	95
SDPJ	72	SDPJ	68
New Party Sakigake	21		
Opposigion			
Shinshinto	178	Shinshinto	35
JCP	15	Shin Ryokufu Kai	16
Liberal League	8	Komei	12
New Democratic Club	4	JCP	11
		Niin Club	5
		Shinto-Goken Liberal	5
Independents	10	Independents	5
Vacancies	3	Vacancies	0
Total	511		252

[LDP—Liberal Democratic Party; SDPJ—Social Democratic Party of Japan; New Party Sakigake—Harbinger; Shinshinto—New Frontier Party; JCP—Japan Communist Party]

Activities of Finance Ministry's 'Saito Group'

952B0047A Tokyo SENTAKU in Japanese Nov 94 pp 76-79

[Unattributed article: "'Saito Group' of the Ministry of Finance: Strategies Behind the Scenes of 'LDP-SDPJ' Alliance"]

[FBIS Translated Text] The "national welfare tax" plan, which was to be an assault on Japanese people from a secret room, failed and the Ministry of Finance [MOF] bureaucrats suffered a crushing defeat. Jiro Saito, administrative vice minister of the MOF (a graduate of Tokyo University Law School who joined the MOF in 1959,) in particular, who had devised this plan with Ichiro Ozawa, secretary general of Shinseito, met with the public's converging fire.

In an angry tone Saito said, "I will never be in the public eye," and he has been lying low. At the same time, those who are called "Saito group" in the MOF have lost their strength.

However, against general prediction, Saito group has not only impudently survived, but it is also expanding its influence.

"Always Linking With the Center of Power"

"This time it's (the LDP's) victory." There was a phone call to Saito who was in the Administrative Vice Minister's Office on the second floor of the MOF on that night when the "unpredicted" LDP-SDPJ-Sakigake tripartite coalition government was formed through the political change at the end of June. The caller was former Prime Minister Noboru Takeshita. Saito could only say perfunctory greetings to congratulate Takeshita on his reinstatement in the LDP. While hoping for continuance of the former coalition government, Saito had always kept contact with Takeshita as an "insurance." However, he could not help but feel defeated by the emergence of the tripartite coalition government, created by crafty Takeshita's political skill.

Having served as finance minister for over four years total, Takeshita had been the most influential politician to the MOF, the "most powerful government office of all government offices." However, since the establishment of the Hosokawa administration in August 1993, the MOF has shifted its weight to Shinseito, which was the center of the former coalition, and "Takeshita's shadow government office" was becoming a thing of the past.

With the establishment of the LDP-SDPJ-Sakigake coalition government, the actual leadership will go to the LDP, and it was clear that Takeshita, having thorough knowledge of managing a government, would become a pillar in the government behind the scenes. It was all the more so because Takeshita was the actual central figure in LDP-SDPJ-Sakigake coalition.

At that point, Saito decided to shift the course of MOF, which had been leaning toward Shinseito, toward the LDP.

The MOF has always kept "alliance" with the center of Japan's political power. The reason why the MOF reins Kasumigaseki as the "strongest government office" is that it holds the budget assessment right and can participate in any policy decisionmaking processes. A close relationship with the center of power is indispensable for the ministry to operate the policy as it desires. This is why it linked itself with the Tanaka faction during the LDP's one-party rule, the Takeshita faction when it succeeded the Tanaka faction, and then Shinseito when it was under the former coalition administration. Saito allied himself with Ozawa because Ozawa's forceful political style had appealed to him; however, it was mainly because of his habit as an MOF bureaucrat to "link himself with the center of power."

Then, it is understandable if he thought, though we don't always agree, "we will link ourselves with Takeshita this time." Despite the fact that Saito was completely beaten up for his failure in trying to force the national welfare tax, he has not given up on increasing consumption tax rate, the MOF's earnest desire. No matter how many times he fails, he has the persistence to keep challenging his goal. In plain terms, he has the tenacity which is the characteristic of MOF bureaucrats. In order to achieve a purpose, he wouldn't even hesitate to ally with the Devil.

One MOF executive says, "Mr. Saito is sort of a fool." This executive is not putting him down by all means. He means that in order to maintain the power of the MOF, Saito thinks that "theory of financial equilibrium" must be kept. It is like "a fool's memory sticks to one thing." He can only think of the MOF and finance.

In early July, Saito visited Takeshita at his private residence in Shirosawa, Tokyo, with executives such as Kyosuke Shinosawa, chief of the Budget Bureau (a 1960 graduate of Tokyo University Law School); Tadashi Ogawa, chief of the Tax Bureau (a 1962 graduate of Tokyo University Law School); and Takeshi Komura, director of the Secretariat (a 1963 graduate of Tokyo University Law School) to ask Takeshita for his cooperation in the future financial and monetary policy. In short, Saito tendered his submission to Takeshita.

The pipeline that linked Saito and Takeshita was, of course, Ogawa. Having served more than four years as finance minister, Takeshita has had many "finance minister's secretaries." However, Ogawa was the only one, who also served him as his private secretary when he was prime minister. When Takeshita was appointed prime minister in October 1987, he appointed Ogawa his secretary. Takeshita trusts Ogawa.

For Ogawa, although he was left out by Saito in February when the dispute over the national welfare tax was going on, it was not a bad decision to cooperate with him this time. If Saito is able to successfully increase the consumption tax rate, he can take the credit as Tax Bureau chief. Ogawa would not only be able to secure even more firmly the seat of the "next after next" vice minister of the MOF, which has already been decided in reality but also become a favored candidate for the "next after next after next" governorship of the Bank of Japan in 10 years.

Thus, Saito won Ogawa over to his side and formed a camp in the regular personnel change in July to fortify "Saito group."

In other words, among "big four of the Saito group," which included Komura, director of the Secretariat; Yoji Wakii, chief secretary of Economic Planning Agency (both 1964 graduates of Tokyo University Law School); Hiroaki Taya, former chief of the General Affairs Division of Budget Bureau (a 1968 graduate of Tokyo University Law School); and Takashi Sugii, chief of the Secretariat Division (a 1969 graduate of Tokyo University Law School), all except Taya, who had been appointed Tokyo Customhouse chief, remained in the same office.

In Budget Bureau, which is the source of Saito's power, though they are not as attached to Saito as the "Saito group," Saito promoted Toshiro Muto (a 1966 graduate of Tokyo University Law School), who was a member of his Budget Bureau's "public works zoku," from associate deputy director to chief deputy director to keep his authority over the bureau. Moreover, he appointed Tsunekazu Haraguchi, former chief of the Legal Division, Budget Bureau (a 1970 graduate of Tokyo University Law School), chief of the Coordination Division; Hiroyoshi Tsuda, former budget officer in charge of public works (a 1972 graduate of Tokyo University Law School), budget examiner in charge of the Planning, which is a strategic adviser; and Jiro Makino, former chief of the Research Division (a 1973 graduate of Tokyo University Economics Dept.), budget officer in charge of public works. Also, he chose Koichi Hosokawa, former budget officer in charge of the planning (a 1970 graduate of Tokyo University Law School), to be chief of the General Coordination Division. This completed the lineup under the Saito structure in the Secretariat and the Budget Bureau.

Aiming at Conquering LDP

After fortifying the ministry, Saito set out for "removal of Takemura from post" from the tax system reform discussion. Sakigake [Harbinger] leader Takemura, who has made his entry to the MOF as finance minister after the political change, was a "dangerous character" to the MOF. Before and after last February's national welfare tax uproar, Takemura advocated "separate processisng" of the income and resident tax cut and the consumption tax increase. Because of this, he was not informed in advance of the announcement of national welfare tax plan even though he was the chief secretary. His grudge against Saito is deep seated.

Takemura was sure to try to crush Saito's plan, the income tax cut and the consumption tax increase "processed as one package," which Saito considered to be not compromisable. It was also obvious that the SDPJ, which has won many seats in the House of Councilors by "opposing the consumption tax," would be against processing the tax cut and the tax increase as one package. The battle was between the MOF and the "people affiliated with local government" such as Prime Minister Tomiichi Murayama from the SDPJ, which had been backed by All Japan Prefectural and Municipal Workers' Union and Finance Minister Takemura, who was a former official of prefectural government.

Saito chose the LDP as his target. His main target was Koichi Kato, chairman of the LDP Policy Research Council, who was also one of the moderators in the ruling coalition's policy coordinating committee. Kato had a good understanding of the MOF policies. Moreover, since he knew that "separate processing" of the two taxes would cause criticism from nongovernment parties that they are "irresponsible," "persuading" him was fairly easy. Then, using the full force of Tax Bureau's executives above the rank of assistant division chiefs, the MOF launched a series of attacks on LDP members in the coalition government's tax system reform project team.

Thus, by the beginning of September, policy to support "5-percent consumption tax rate and to process the two taxes as one package" quickly solidified in the LDP Research Commission on Tax System. Young LDP members, who had opposed this policy, were won over, being offered posts of parliamentary vice minister or vice chairman of subcommittees of Policy Affairs Research Council.

While conquering LDP, the MOF also worked on SDPJ and Sakigake members of the government's Tax System Research Council and persuaded them of the necessity of "processing the two taxes as one package." The MOF's only miscalculation was that Fumihiko Igarashi, executive secretary of Sakigake Policy Board, quickly adopted a "two-tier tax reduction" concept, suggested by Harumichi Hosoya, director general of SDPJ Tax System Research Council, and this plan spread to the SDPJ and Sakigake. However, the MOF succeeded in setting the majority opinion on the concept of processing the tax cut and tax increase as one package.

To finish it off, Saito needed to work on Chief Secretary Kozo Igarashi. Igarashi, once served as mayor of Asahikawa, is relatively skilled in policies and administrative works among those "Diet Affairs zoku" many of whom are close to Prime Minister Murayama." Saito used Ogawa as a mediator and had K. Igarashi meet with Takeshita twice. He had Takeshita persuade him that "unless we perform the tax cut and tax increase as one package, the government will not last." Since the SDPJ is barely surviving by being in power as its "life sustaining device," Igarashi had no choice but accept what Takeshita had said. After persuading Igarashi, it was easy to win over Murayama.

Takeshita and Saito cooperation behind the scenes never surfaced. Takeshita was far more experienced than Ozawa. The bitter lesson Saito had learned in "national welfare tax" episode turned out to be useful. The result was just as the MOF had predicted. There are no executives in the MOF who doubt that the key players of "processing the two taxes as one package" were Takeshita and Saito.

Japan is often criticized by other countries for cloudy policy decisionmaking. This is because the system is such that it is not clear who decides the most important policy. The depth of this case being discussed in this article is still unknown. However, it is certain that if there were no Takeshita or Saito, acting invisibly as administrative officials, the "5-percent consumption tax rate and processing the two taxes as one package" could not have been achieved.

Thus, not only the LDP but also the SDPJ had been brought over to support "processing the two taxes as one package;" therefore, Takemura agreed to this plan on 21 September, the day before the government party established the "outline of tax system reform." Opposing the plan by himself had only made him isolated. "Mr. Saito, the MOF is an extraordinary government office, isn't it?" Takemura muttered to Saito when Saito came to greet him in the Minister's Office.

This was "Mumin Papa [Takemura's nickname from his resemblance to cartoon character hippopotamus Mumin' father]" declaring his defeat to "Densuke [Saito's nickname from exlaiming 'den!' whenever he wins in mahjong]." Even with the trickery of Takemura, who was said to be the first "Vulcanian politician" since the late Takeo Miki, a former prime minister, could not break the strong fortress of "Saito group." Why?

After Consumption Tax, They will "Crush the Administrative Reform"

Under the LDP-SDPJ-Sakigake coalition government, there was a foundation for recreating the phenomenon of "party politics over bureaucracy." Unlike the former coalition, which did not have an established policy decisionmaking system, the coalition government has applied the system from the LDP's one-party rule. In other words, the government's policy coordinating committee has been placed at the top, and a coordinating committee was formed for each ministry and agency. It also has several project teams by subject, such as the Tax System Research Council. Its system looks just like an enlarged version of the LDP Policy Research Council, deliberation commission, and research commission. However, this is merely a formality. Maintaining power has become by itself a purpose not only for the SDPJ but also for the LDP. If the bureaucrats threaten them saying, "the government will not last," the parties have no choice but to agree to whatever they say. Because of this fact, bureaucracy has been on the rise since the Hosokawa administration, and particularly the "unusual prominence" of the MOF has been continuing.

Concerning the recent "tax system reform," some say that "the MOF suffered a major defeat." This was because the MOF insisted for "7-percent minimum" consumption tax rate, but it got 5 percent instead. However, this is not true.

One MOF executive said, during the national welfare tax argument, "7 percent is the 'asking rate.' We don't mind settling for 5 percent rate." Since this actually came true, It is understandable that the MOF gives itself "good" on the scale of "excellent, good, and fair" or that it "rates itself at 120 percent considering the political situation." Most of all it was important to establish its record of raising the taxation rate."

Saito's next goal, therefore, is to "increase again" the consumption tax rate. It would be impossible to bring this about during his term; however, he wants to establish a foothold. In order to do this, Saito intends to mutilate the administrative reform, which Prime Minister Murayama declares "the cabinet's highest priority." There are two reasons.

One is that he does not want to give up MOF's vested interests. Among the 92 special corporations, the MOF has jurisdiction over four corporations, which include Export and Import Bank of Japan, Development Bank of Japan, People's Finance Corporation, and Japan Tobacco Inc. (JT), which has already been placed under private management. The MOF has transferred its former vice ministers and directors of National Tax Administration Agency to these corporations as governors and presidents. Moreover, the MOF has always transferred its former vice ministers to Overseas Economic Cooperation Fund, which is supervised by Economic Planning Agency, to serve as its president. Also, the MOF takes turns with MITI in transferring its members to serve as president of Small Business Finance Corporation. If the administrative structure is rearranged, consolidated, or put under private management completely, the MOF will not be able to enjoy the "benefits" as they have. This is the situation not only the MOF but also all ministries and agencies are in.

Another reason is that if the expenditure is reduced through administrative reform, namely by rationalization of special corporations, the MOF will not be able to talk about tax increase any more. The opinion that "we should create a source of revenue by the administrative reform rather than by raising taxes" will become stronger than ever before. This would definitely be a problem for the MOF because its nature is rather than "shedding its own blood," demands the people to 'sacrifice' and "takes it where it's easy to take."

The plan has been set for each ministry and agency to give a mid-term report on the review of special corporations by 25 November [1994] and to give the final report by 10 February [1995]. However, we cannot expect that a concrete policy will be decided. This is not only because ministries and agencies are trying hard to crush administrative reform by using "zoku Diet members." The MOF has transferred one of its able younger members to a post in charge of administrative reform in the Management and Coordination Agency. In addition, within the MOF, Budget Bureau coordinator is in charge of administrative reform, and administrative reform issue is under the MOF's control in reality. In other words, the boss gambler is in charge of the public order. No wonder it is not maintained.

MOF Controls Even the Placement of Its Former Officials

Mitsubishi Kasei Adviser Eiji Suzuki, who used to be chairman of Financial System Research Council, which is an advisory body to the finance minister, died recently. Saito decided to keep the chairman's position vacant for the time being and appointed Minoru Nagaoka, former chairman of Tokyo Stock Exchange (a 1947 graduate of Tokyo University Law School), who had the control over it as the "MOF boss" until just recently, acting chairman of the council. This was not only to show "respect" to Nagaoka, who had confronted Saito concerning next president of the Bank of Japan but also to stop the administrative reform. As soon as he was appointed acting chairman of the Financial System Research Council, Nagaoka spoke for Saito, insisting that "it is not clear how many financial sources will be created by the administrative reform."

Saito also consulted Takeshita recently, concerning the governorship of the Bank of Japan, which is the greatest post for former MOF officials who are transferred to special corporations. Takeshita is said to have shown understanding for Saito's explanation. Since Yoshihiko Yoshino, governor of Japan Development Bank (a 1953 graduate of Tokyo University Law School), declines to accept Saito's offer, he decided to choose Yasuo Matsushita, Sakura Bank consultant (a 1950 graduate of Tokyo University Law School) instead, whom Nagaoka had suggested. He instructed Banking Bureau and Secretariat to postpone until after the summer next year to deal with the issue of Sakura Bank's "bomb" or "Apollo Lease, Ltd." (main office: Sendai City) which is a nonbank. Some say that Apollo has a large amount of bad debt involving corporations which have connection with black market, and this scandal may develop into a criminal case. If dealt with it now, Sakura Bank, namely Matsushita, will be hurt. If Saito makes Matsushita governor of the Bank of Japan to try to gain Matsushita's gratitude, his status as the "MOF's leader behind the scenes" would become indisputable.

Saito was criticized that he had "overstepped bounds of bureaucrats" in the national welfare tax incident. This time, however, he has succeeded by sticking to be "invisible." It seems he has proved that he is "a great vice minister that comes around once in 10 years."

Banks' Brokerage Subsidiaries 'Faring Well'

OW1101131895 Tokyo KYODO in English 1258 GMT 11 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO—Brokerage subsidiaries of Japan's major commercial banks have been faring well since they were inaugurated last November in line with deregulation of the financial market, business sources said Wednesday [11 January].

They said many of the companies have been selected to lead manage corporate bond issues at home and overseas.

Mitsubishi Diamond Securities Co., affiliated with Mitsubishi Bank, was named Wednesday as lead manager for a 10 billion yen straight bond issue by camera maker Nikon Corp. which belongs to the giant Mitsubishi group of companies.

The six-year bond with an annual interest rate of 4.4 percent was sold out soon after subscription began Wednesday, the sources said.

Fuji bank-affiliated Fuji Securities Co. won the right to underwrite 6 billion yen worth of five-year yen-denominated "samurai" bonds with a 4.1 percent annual interest rate to be issued by a Swedish Financing Corporation.

DKB Securities Co., a subsidiary of Dai-ichi Kangyo Bank, has been named lead manager for a bond issue by Furukawa Co., a major machinery maker and copper smelter, while Sumitomo Capital Securities Co., affiliated with Sumitomo Bank, was selected as lead manager for 5 billion yen worth of bonds to be issued by Moonbat Co., a trading company in Kyoto.

The bond market has in the past been monopolized by the "big four" brokerages—Nomura, Nikko, Daiwa and Yamaichi securities companies.

Yamaichi Securities Posts Midyear Loss

952A0227A Tokyo KEIZAIKAI in Japanese 13 Dec 94 pp 36-39

[Article by KEIZAIKAI reporter Katsuhiko Shimizu: "Yamaichi Securities Posts Loss Again, in Danger of Hitting Bottom"]

[FBIS Translated Text] **Abysmal Crisis for Yamaichi Securities Which Again Turns a Deficit**

Yamaichi Securities has again turned a deficit in the midterm settlement of accounts. It is a great shock after just having turned a surplus finally in the previous term. Now there also are indications that it soon will be dropped from the big-four company system, and on the eve of its 100th anniversary three years from now, the illustrious institution is directly facing its second crisis since the war.

Nikko Produces Latent Profit and Saves Face

The settlement of accounts for securities firms for the first half of this year was disastrous, though anticipated. On the basis of 48 general securities companies, they turned an operating deficit totaling 64.6 billion yen and, considering that there was a surplus of 63.7 billion yen for the same period the previous year, it seems that they again have entered a dark tunnel and are unable to see the exit.

In a losing battle and almost close to total destruction, the only ones to secure a surplus were the big three firms of Nomura Securities, Daiwa Securities, and Nikko Securities, and the medium-standing Kosei Securities.

Among them, Nomura earned a surplus of 22.5 billion yen, over three times that of Daiwa in second place, and considering the other companies, it was a situation where it might be said that "Nomura was the only winner" (officer of big securities firm).

While three companies had a surplus settlement of accounts, only Yamaichi Securities had a deficit of about 8.7 billion yen.

The reason was that commissions, which are the mainstay of earnings, fell more than expected, but in addition to this, the loss of 3.25 billion yen produced in bond trading profits and losses had a great effect.

President Atsuo Miki relates unconcernedly, "In a word, we were probably not diligent enough. The volume rose in early spring, but thereafter the market overall became bad with the influence of the high yen. There was also a misreading in this area."

Because the three mainstays of commissions earned, financial earnings, and trading profit and loss (their own trading profits and losses), which are the source of earnings, all operated at a loss, the profits of securities companies did not go up. Particularly in consignment fees on stock, which should be the greatest earner, the daily stock transaction payments on the Tokyo Stock Exchange fell greatly to the 340 billion yen level, 15 percent less than the same period for the previous year.

It was the semi-big class of companies that received the greatest blow from the sluggish market, and these companies, which are highly dependent on the stock sector, will have difficulty making a surplus for the time being if the current light trading continues.

In the case of the big four companies, however, with the great reforms of the past three or four years, they have been seen to make a surplus if there is a volume of 300 billion yen, and it was a great shock that Yamaichi, which is one of the four, turned a deficit.

An officer of a big securities firm, who has seen the settlements for the four firms, says, "They put out a downward revision in September and it was not that surprising, but the impression is that Yamaichi was greatly behind the other three companies. It was thought that Nikko Securities also would have a deficit with a bonds trading loss of about 9 billion yen, but as might be expected, it seems that they somehow made a surplus by producing a stock profit in August and September, perhaps having thought that they would be embarrassed by that. It would probably have come out all right somehow if Yamaichi also produced a profit, but conversely, I think that they could not even do that. So, the significance of this deficit is probably greater than the numbers."

Executive Director Hiromichi Ishikawa, chief of the Securities and Funds Division of Yamaichi Securities, relates that "Consignment fees for stock did not increase due to market influences. Properly, we should have covered these by transaction profits or losses, but these too were somewhat of a negative, and financial earnings also declined 20 percent. We are proceeding with a cut in business expenses for the portion that earnings did not increase, but the current situation is that we cannot catch up at all by this alone."

Scant Reserve Strength, Impossible To Assume Offensive

With the prolonged slump in the market, the various companies are undertaking cuts in expenses as the most important task. Yamaichi has shrunk sales management expenses to about one-third that of peak times, and a commensurate effect is produced the quicker it is touched. Looking at the sales management expenses for one employee, it is the lowest level among the four companies. However, it is important to increase earnings somehow. If stock is no good, there should be various methods such as bonds, investment trusts, underwriting, and derivatives.

"We certainly consider bond sales important because of these times, but we are wondering about their positioning as an earnings source in management terms. That is because of market problems. There has been the judgment that, if there is a margin like before, we should resolutely try to do it since it doesn't matter if there is a loss of about 5 billion yen, but since curbing even a little loss has priority now, active dealing or doing derivatives will probably be difficult. Clearly, it is not a situation where we will bear a risk to earn profits" (Director Ishikawa).

Looking at the midyear settlement of accounts, the bond sales division is certainly a weak point. Nikko made a killing of 10.8 billion yen just at this point last year, but this term, conversely, it produced a deficit of about 9 billion yen.

"It was not a miscalculation; it was a misreading of the overall trend of the bond market. It was not the result of a particularly large position" (Nikko Securities).

When the whole market shrinks and commissions do not go up, the strengths and weaknesses of each company appear. For example, looking at assets consigned by clients, Nomura opened a large lead of about 48 trillion yen with second-place Daiwa (33 trillion yen), and its depth is nearly double that for Yamaichi (26 trillion yen). These consigned assets are stocks, securities, and investment trusts, but the various companies compete in a furious fight to get them because stable earnings can be obtained from them.

In this sense, the differences among the four companies in stockholder capital that earns financial revenue also has a large role for the stock sector.

A reporter knowledgeable about the securities industry points out that "The ways of earning money in the securities industry are very different before and after the bubble. In the golden age of the bubble, indeed there was no risk in stocks or investments trusts and anything earned a profit, but that is not the case now. When the market worsens, it is bonds and derivatives that produce profit, and Nomura has made big earnings here. It is difficult for companies without a margin unless they resolutely take risks or positions. In the United States, deregulation of commissions and specialization are proceeding, and big securities firms are doing business timed to the market environment of each season. There is the difficult point of great fluctuation in earnings due to this, but I think that it is one way to live, a strategy. I have the feeling that Yamaichi is diligently trying to protect its position in the big four companies. Peer consciousness and prestige consciousness are fine, but I think that this is delaying the structural reform of Yamaichi instead."

Yamaichi established a services innovation committee in the company to deal with production of the huge deficits of 36 billion yen and 37 billion yen for the two consecutive terms of 1992 and 1993, but it is said that "Everyone felt the need for change and was diligent, but a change of course from right to left is not made easily, no matter how small, since our company is a battleship" (Director Ishikawa).

Prestige Consciousness Delays Drastic Reform

"Corporate Yamaichi"—These are words known by anyone concerned with the securities industry, but this prestige consciousness now has become a fetter to the reform of the company.

"In the growth period of the industry since 1980, I believe they played a tremendous role in capital procurement and employment for companies centering on huge major industries, but on the other hand, they have not been attentive to tertiary industries, which have grown rapidly in recent years, and this field has been taken by Nomura and others. While Nomura has extended a hand to new fields one after the other with subsequent strength, Yamaichi has come to look out for companies where future growth cannot be anticipated. From the latter half of the 1980's to the bubble period, they increased their earnings by investment and financing in large companies that were their clients with designated money in trust, but once the bubble collapsed, they were cursed with excessive investment, made the greatest amount of loss compensation among the four companies, and came to embrace stock with a huge latent loss. It was a time when the corporate division should have switched directions from existing large companies to new business, but with many gentlemanly and sedate corporate men, Yamaichi probably will not back away from old acquaintances. There is a cost to friendship even without business. So long as they do not extricate themselves from this prestige consciousness, they probably will not be able to make substantive changes" (above-mentioned reporter).

It is natural that it will take time and effort to change direction because they are a huge ship, but Nomura has more or less established independent services these past three years and has brought out new business policies one after the other, such as rating (rating of stock prices) as a research service method, a new management accounting system that clearly grasps costs by sector, and a new personnel system that puts ability thoroughly in that. Yamaichi also has begun similar system reform, but in this industry where "a one-year delay is a 10-year delay" (officer of major securities firm), it can be said that they are going around with their hands tied completely behind their backs.

Moreover, in an industry where service capability itself is the greatest weapon rather than prestige consciousness, President Sakamaki of Nomura for the first time this spring has been trying to take leadership by indicating to all employees profit goals as specific numbers, but in a few words unfortunately with Yamaichi, "I believe that the meek, non-greedy company style is as you pointed out. It would be good if our company put out numerical goals, but unfortunately, immediately making a surplus now is becoming our biggest goal" (Director Ishihara).

Deficit for Whole Term With Slight Expectation for Volume?

In his third year as president, President Miki says about the current situation that "We have independent services and work is done democratically even at branches. That is because the current environment (having turned to a deficit) is so harsh. For three years, our company has been putting effort into somehow digging up individual investors, a so-called grass-roots movement. While strengthening the retail sector on one hand, since actual business centers on the institutional investor, I believe it is important to increase transaction execution capability or the ability to provide information. I don't think that it is true (that the company has lost energy), but if it is so, we only will persist with great self-reflection. In management terms, there is not that much sense of crisis, but it is probably a common desire of the industry to somehow call individual investors back into the market."

President Miki comes from the field of planning, the same so-called company elite course followed by successive presidents Yoshio Yokota and Tsugio Yukihira. For that alone, he is sharp, but it also has been pointed out that "In turbulent times, he is lacking more drive. His forte may be defensive management, but it will probably be difficult for a company that is now in the crisis of again turning a deficit once it has gone on the defensive" (above-mentioned reporter).

Yamaichi is directly facing its second serious crisis since the war following the Bank of Japan's special loan in 1965. The era has already ended when the big four companies laterally led the industry, the bubble era of so-called "one strong and three weak" has also passed, and now it is even called "one strong and two weak."

If anybody is asked, no one is heard to say that Yamaichi personnel are inferior in capability. However, new products or the names of people who are particularly praised in the industry also have not been heard. The only common stories are "corporate Yamaichi" or "Bank of Japan special loan."

It is not believed that the aftereffects of 1965 are still dragging them down, but there are some who point out the stagnation in personnel changes of positioning someone from planning at the top in a defensive form since president Terumoto Hidaka was dispatched from the Industrial Bank of Japan as the reconstruction president.

In addition, banks have been expanding into the securities industry since last year, and the activities of Industrial Bank of Japan Securities and others have been conspicuous. Yamaichi is the one whose fortress will be most easily eaten away by this newly entering group.

There are no signs that the continuing sluggish stock market will recover. Yamaichi, which is certain to have a very difficult fight in the year's settlement of accounts if it continues this way, will probably step into a deficit quagmire again.

March 1995 Midterm Settlement of Accounts

	Nomura	Daiwa	Nikko	Yamaichi
Business earnings	190,928	124,919	116,782	100,362
	(94.5)	(78.9)	(84.9)	(82.9)
Business profits	22,361	7,213	3,107	-8,409
	(85.0)	(20.8)	(20.4)	(-)
Recurring profit	22,500	7,283	2,332	-8,721
	(88.7)	(20.6)	(18.1)	(-)
Midterm profit	10,194	3,228	1,966	-6,593
	(100.9)	(18.4)	(50.7)	(-)
Whole year recurring profit estimate	700	400	300	130

(Figures in parentheses indicate percent comparison to previous year; unit equals million yen)

NTT To Unveil Multimedia Blueprint Within FY1994

OW1101091595 Tokyo KYODO in English 0736 GMT 11 Jan 95

[FBIS Transcribed Text] Tokyo, Jan. 11 KYODO—Nippon Telegraph and Telephone Corp. (NTT) will work out a specific scheme for its multimedia business by the end of fiscal 1994 in March, NTT President Masashi Kojima said Wednesday [11 January].

Experimental operations of telecom systems using multimedia networks that began last fall jointly with interested third-party companies, will enter a full-fledged stage in coming two years, Kojima told a news conference.

Kojima said the new blueprint will call for complete openness of NTT's multimedia networks with any type of services providers—long-distance telephone companies, personal handy-phone system operators and cable television companies—based on the recent arbitration by the posts ministry.

He underscored the need to establish a fair pricing system in which each party shoulders a due financial burden for sharing the phone lines.

Late December, the Posts and Telecommunications Ministry ordered NTT to connect lines of DDI Corp., Japan Telecom Co. and Teleway Japan Corp. with NTT's city telephone lines, ending a dispute between NTT and the new carriers over line connection.

Kojima said the multimedia networks will be built so as to allow transmission of all the kinds of information—visual image, sound signals and graphics.

NTT will shortly embark on developing interface software and application software for these networks, Kojima said.

Kojima said NTT is considering introducing a fixed subscription fee system for multimedia services as part of efforts to promote multimedia business in Japan.

Under a fixed pricing system, users would be able to enjoy services whenever and for as long as they like within a set total time limit.

NTT will come up with a specific pricing framework by the end of March, Kojima said.

He said NTT will strengthen its technological base by recruiting promising foreign engineers and experienced japanese workers, both new policies for the telecom giant.

At present, NTT hires workers only from among new college graduates at the april start of each fiscal year, a traditional Japanese employment practice which an increasing number of Japanese corporations are abandoning as inflexible.

NTT will recruit up to 50 people a year based on its new employment system, Kojima said, noting that such workers might be employed on an annual contract basis, and would therefore have higher annual salaries than workers employed under the old system.

DA To Start Developing New Warning Radar System

OW1001054395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 4 Jan 95 Morning Edition p 1

[FBIS Translated Text] The Defense Agency [DA] is set to begin developing the next generation warning radar to beef up its air defense capability. A conventional radar system is capable of detecting objects by emitting electrical waves. But the envisaged system would separate the two functions of transmitting and receiving electrical signals, and even be able to recognize the form of small objects through joint operations with the Airborne Warning and Control System (AWACS). In particular, the new system would be able to detect "stealth" aircraft and missiles. As the new system would help cut required labor, the DA believes it would contribute to reducing the number of Self-Defense Force [SDF] members. The DA plans to spend around 1 billion yen over three years starting in fiscal 1995 on research, and to develop the new system as the main technology of the defense system.

As repeatedly noted in reports by the "Defense Policy Council," the prime minister's private advisory organ, the improvement of air defense capability has become a world trend in ensuring security and defense. This is because there is the growing, unexpected danger of violation of territorial airspace and limited missile attacks, while the possibility of large-scale strife is decreasing. In view of this, the United States and Russia have already begun to work on developing new radar.

The DA's new generation warning radar is different from a conventional system that transmits and receives electrical signals with one device. The new radar system would have "Bi-(Multi) Static Radar" equipped with two independent devices transmitting and receiving electrical signals, respectively.

With one radar, the reflection angle for emitting electrical waves is limited, but the angle can be widened if the function of transmitting and receiving electrical signals is separated. With the new system, the DA considers it is possible, among others: 1) To detect stealth aircraft and missiles that are difficult to see clearly; and 2) to recognize the form and composition of small, low-flying objects, and accurately detect them. The DA says the new system will not cost much because the cost of sub radars that are to be used only for receiving electrical signals is relatively inexpensive.

It will be possible to reduce the great number of sub radar operators while focusing operations on main radar. Therefore, through a system that promotes labor-saving and its efforts to develop an unmanned system in the future, the DA believes the new system can contribute to reducing the number of SDF members. The DA has already decided to introduce four AWACS to beef up the early warning control system. In this connection, the development of the new radar system will help increase air defense capability through joint operations with AWACS. Taking into consideration the fact high-performance weapons are proliferating in the wake of the Cold War, the DA has concluded that it is necessary to expand the air-defense system in the spirit of an exclusively defense-oriented policy.

North Korea

Paper Urges 'Independent Stand' in Reunification

SK1101050595 Pyongyang KCNA in English 0454 GMT 11 Jan 95

["Let Us Accelerate Reunification in 1990s Through Great National Unity"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA)—The three principles of national reunification—independence, peaceful reunification and great national unity—laid down by the great leader Comrade Kim Il-song are the foundation stone and valuable treasure for national reunification, declares NODONG SINMUN in a signed article today.

Pointing out that what is most important in solving the question of national reunification is to adhere to an independent stand, the article says:

We should strictly maintain the stand of rejecting domination and interference of outside forces and independently solving all problems cropping up in the movement for national reunification in reliance upon the internal forces of the nation. And we should make it an iron rule to settle the question of the country's reunification in conformity with the demands and interests of the nation, primary attention paid to them.

It is the prerequisite to the peaceful reunification of the country to avert the danger of war and ensure genuine peace and security on the Korean peninsula. To this end, the armistice agreement signed between the Democratic People's Republic of Korea and the United States must be replaced with a peace agreement and a new peace mechanism be established and the acute military confrontation between the North and the South be removed. And the military exercises of various codenames, military provocations and arms buildup committed by the South Korean authorities in league with outside forces must be decisively checked and frustrated.

The great unity of the whole nation should be achieved for the independent and peaceful reunification of the country.

"10-point programme of the great unity of the whole nation for the reunification of the country" worked out by the great leader comrade Kim Il-song is a great charter of national unity which makes it possible to accelerate the country's reunification with the united internal forces of the nation. All the Korean people in the North, the South and overseas must firmly unite as one nation, transcending differences in party affiliation, grouping, political view and religious belief, in accordance with the idea of the 10-point programme of the great unity of the whole nation. And they must make tangible contributions to the reunification of the country and the prosperity and development of the reunified country in accordance with their circumstances and conditions as members of the nation.

It is important in achieving the great unity of the whole nation to eliminate the factors lying in the way of the national unity and the country's reunification.

The entire fellow countrymen including the South Korean people should launch into a dynamic nationwide campaign to overthrow the Kim Yong-sam group.

All the Koreans at home and abroad should firmly unite on the principle of promoting co-existence, co-prosperity and common interests in the spirit of patriotism and national independence and subordinating everything to the cause of national reunification and turn out as one man in the struggle to build a pan-national reunified state, an independent, peaceful and neutral confederal state.

Pomminnyon Appeals for Reunification Struggle

SK1101103295 Pyongyang KCNA in English 1010 GMT 11 Jan 95

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA)—The joint secretariat of the National Alliance for the Country's Reunification (Pomminnyon) issued an appeal to the 70 million fellow countrymen on January 1 on the New Year 1995, which calls on the Koreans in the North, the South and overseas to stand together in order to make 1995 "a year of grand march for reunification".

The document says the year which marks the lapse of 50 years since the liberation of the country as well as national division is the deadline in the history of national struggle for a reunified country. And it calls upon the workers, peasants, youths and students, intellectuals, entrepreneurs and religionists to turn out as one in a giant march for reunification aimed at ushering in the era of reunification irrespective of differences in class and social strata.

It calls for opposing the outside interference which violates national independence and making a new history of an independent nation, an independent reunified state, by the concerted efforts of the nation.

It calls for directing united efforts to clearing the land of our country of all the sources of war and to implementing the inter-Korean agreement to the letter and setting up a durable peace mechanism.

Noting that great national unity is vital for the reunification of the country, the appeal calls on the politicians, scholars and men of the press and other people, be they sympathetic to the North or the South, to stand together in the idea common to the nation irrespective of their ism and assertion and open the door of contact, travel and cooperation between the political parties, organisations and personages of various strata in the North, the South and overseas.

It calls for the holding of an August 15 pan-national rally in which the delegates of political parties, groupings and the people of all walks of life at home and abroad participate in order to greet the coming August 15 with a grand reunification festival of the whole nation.

It calls on all the Koreans to take an active part in the August 15 pan-national rally this year and thus demonstrate the great unity of the nation and declare 1995 a year in which the era of reunification begins.

Foreign Leaders Support Korean Reunification

SK1101051095 Pyongyang KCNA in English 0423 GMT 11 Jan 95

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA)—Foreign party and government leaders supported the struggle of the Korean people for national reunification when they met the Korean ambassadors to their countries.

Genaro Ledesma Izquieta, chairman of the People's Front of Workers, Peasants and Students of Peru, wished the Workers' Party and people of Korea a decisive victory in accomplishing the cause of Korean-style socialism and the cause of national reunification under the wise guidance of the great leader Comrade Kim Chong-il on the new year 1995.

Considering the presence of the U.S. troops in South Korea and their interference in internal affairs, the "National Security Law" of South Korea and the concrete wall to be the main obstacle to the reunification of Korea, he said, the People's Front will fight to remove it.

Dama Drani, general secretary of the Togolese People's Rally, said he would extend invariable support and solidarity for the just cause of the Workers' Party Korea [WPK] and wished the WPK a greater victory in its efforts to achieve national reunification and implement the DPRK-U.S. agreed framework under the tested guidance of the supreme leader Comrade Kim Chong-il.

Edem Kodjo, prime minister of Togo, pointed out that his excellency the great leader Kim Chong-il is carrying forward the cause of the great President Kim Il-song and making efforts for peace in Korea and the world, and extended positive support and encouragement to the struggle which the Korean people are waging under his leadership.

Movement for Repatriation of Prisoners Viewed

SK1101104695 Pyongyang KCNA in English 1020 GMT 11 Jan 95

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA)—The Korean committee for measures to rescue unconverted long-term prisoners in South Korea issued an information today concerning the extensive struggle waged last year by all the Koreans in the North, the South and overseas, and progressive political parties and organizations of many countries for the repatriation of Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners in South Korea, to the North.

The information says:

The North of Korea has made every possible effort for their early repatriation to the North where their families and relatives are living and the movement for this has been invigorated since "the Korean committee for measures to rescue unconverted long-term prisoners" was formed in March last year.

The Central Committee of the Red Cross Society of the Democratic People's Republic of Korea sent letters to the South Korean Red Cross on four occasions urging their repatriation. The South Korean side, however, refused to send them back to the North under unreasonable pretexts that they are not prisoners of war but "criminals who killed innocent people" and they acquired "citizenship" of South Korea.

The Central Committee of the Democratic Front for the Reunification of the Fatherland, the Central Committee of the General Federation of Trade Unions of Korea and other organizations in the North released statements and held meetings one after another demanding their repatriation. The Korean Democratic Lawyers' Association and other organizations sent some 120 letters to human rights bodies, political parties and organizations of many countries.

The families of the afore-said unconverted long-term prisoners sent letters on several occasions to the South Korean newspaper HANGYORE SINMUN, different organizations of South Korea and all the Koreans overseas requesting help for their repatriation to the North. And they sent nearly 200 letters to the international committee of the Red Cross and the Red Cross organizations of many countries.

The human rights committee of the National Council of Churches in South Korea, the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), social organizations under Chongnyon, the Zhongnan district branch of the headquarters of Koreans in China of the National Alliance for the Country's Reunification (Pomminnyon) and other organizations of South Korea and Koreans overseas intensively waged their struggle for their repatriation in such ways as the formation of headquarters for the promotion of their repatriation, meetings, statement, letter and telegram.

Political parties, organizations and individual figures of scores of countries including Russia, the Czech Republic, Pakistan, Peru, Ghana and Zimbabwe formed committees for the promotion of the repatriation to the North, launched organized activities in various ways and sent hundreds of protest letters [to] the authorities, Red Cross [words indistinct] for the repatriation of the old unconverted long-term prisoners Kim In-so, Ham Se-hwan and Kim Yong-tae, lending an ear to the fair voices of the people at home and abroad and the world public calling for their repatriation to the North where their families and relatives are waiting for them, urges the information.

Prisoners' Repatriation Group Formed in Congo

SK1101044195 Pyongyang KCNA in English 0403 GMT 11 Jan 95

[FBIS Transcribed Text] Pyongyang, January 10 (KCNA)—The Congolese Committee for the Repatriation of Unconverted Long-term Prisoners in South Korea to the North was inaugurated in Brazzaville on December 28.

Leopold Pindy Mamongsono, chairman of the Committee of Writers and Artists for the Peace and Democracy of Pan-Africa, was elected its chairman.

The committee said in a statement:

The South Korean authorities should immediately stop violating the human rights of the unconverted long-term prisoners and send them back to North Korea where their families and relatives are waiting for them, as they demand and hope.

We will continue our struggle, together with the progressive conscience of the world and international organisations, till old Kim In-so, Ham Se-hwan and Kim Yong-tae, unconverted long-term prisoners in South Korea, have been repatriated to North Korea.

* Nuclear Non-Proliferation Treaty Criticized

952C0026A Pyongyang NODONG SINMUN in Korean 10 Sep 94 p 6

[Article by Yun U-chol: "The Nuclear Non-Proliferation Treaty Is an Unequal Treaty"]

[FBIS Translated Text] Of late, the "unfairness" of the Nuclear Non-Proliferation Treaty [NPT] has become a focus of world opinion.

The great leader Comrade Kim Il-song taught as follows:

"To carry out disarmament and destroy nuclear weapons and other mass murder weapons has emerged as the most urgent task today in ensuring peace."

The NPT, signed in July 1968 and put into effect in March 1970, is an international treaty reflecting global concerns about the danger of a nuclear war and seeking a halt to the nuclear arms race and a nuclear disarmament. It is due to expire in 1995, 25 years after the signing, and whether to extend it indefinitely or for a specific period of time will be decided at a conference of the signatories being held next year. And with the approach of 1995, international communities are now deeply concerned about the unfairness of the treaty.

According to world opinion, the NPT's fundamental vulnerability is its failure to address the issue of total destruction of nuclear weapons. In regard to the treaty's unfairness, the Indian prime minister said that the basic reason India does not support the treaty is that it is "not dedicated to the goal of total destruction of nuclear weapons."

The NPT, consisting of 11 articles, only provides for obligations of the nuclear powers to prevent proliferation of nuclear weapons and those for nonnuclear nations to renounce the right to acquire them. It contains no provisions relating to the question of total abolition of them.

The fundamental problem with this treaty that has stirred international controversies is that it treats nuclear arsenals of the nuclear powers as a *fait accompli* on the one hand, while on the other it unilaterally imposes nuclear inspections on nonnuclear nations.

Japanese critic Hideo Yamamuro said that the NPT is "an unequal treaty no matter how you look at it."

Criticizing it, he cited the fact that while allowing the nuclear powers to remain nuclear powers, it denies nonnuclear nations accesses to nuclear weapons, that it permits nonnuclear nations no peaceful use of nuclear devices, and that the nuclear powers are exempted from inspections. Thus, criticisms against the NPT are reverberating around world communities. This by no means is an accident.

The NPT imposes on the nuclear powers no obligations or responsibility at all in regard to destruction of nuclear weapons. A basic obstacle to the disarmament and total destruction of nuclear weapons is the problem of eliminating the nuclear weapons currently held by the nuclear powers. But Article 1 of the treaty does not go beyond providing for their obligation not to proliferate them. The NPT has no provisions about any sanctions against nuclear weapons in the possession of the nuclear powers or about their destruction. On the other hand, in Articles 2 and 3, it requires nonnuclear nations to renounce the right to possess nuclear weapons forever and to yield to supervision and control by the International Atomic Energy Agency, even with their peaceful nuclear activities. Therefore, the broad public opinion of the world charges that the NPT "serves to legally guarantee the nuclear monopoly and hegemony of the nuclear powers."

The problem is the current failure of the nuclear powers to deliver guaranteed security to nonnuclear nations appropriate to the latter's renunciation of nuclear arms. At the first NPT review session, nonnuclear nations strongly demanded that the nuclear powers guarantee their nonuse of nuclear weapons, but the nuclear powers refused to meet the demand. The world public opinion charges that under the present circumstances in which the nuclear powers fail to guarantee their nonuse of nuclear weapons, the obligations imposed on nonnuclear nations to renounce nuclear weapons are unilateral and discriminatory.

Insincerities of the nuclear powers in the course of implementation of the NPT also have stirred controversies in international communities. Under Article 6 of the treaty, they are obligated to hold talks and carry out nuclear disarmament. This provision, however, has not been fulfilled satisfactorily. In this connection, a newspaper pointed out that "Article 6 urging nuclear powers to carry out nuclear disarmament in good faith is a provision with no compelling power."

With its fate soon to be put to international deliberations, the validity of the NPT has become a subject of intensive international debate.

Some argue that the treaty is unfair and therefore should be scrapped while others say that it should be revised or extended for a specified period.

Former Japanese Ambassador to Geneva Amaiwa said that for its provisions treating the nuclear weapons held by the nuclear powers as a *fait accompli* and allowing it to continue, the NPT is a "legacy of the Cold War era." "It is unreasonable to leave that framework in effect even after 1995," he said.

Japanese critic Hidetaka Sawa, in a recent article in SANKEI SHIMBUN, proposed a "nuclear weapons tax" as a means to encourage disarmament. He wrote that, as a way to prod the nuclear powers toward disarmament, they should be required to pay $10,000 per nuclear weapon to the United Nations.

Other people have made other suggestions about the future of the treaty.

The growing international debates on the unfairness of the NPT reflect the world trends demanding nuclear disarmament and an end to nuclear warfare. If a lasting peace of the world and development of humanity is to be a reality, a total and complete destruction of nuclear arms must be carried out. International law and order should be established in conformity with this aspiration of humanity and only such international law and order can contribute to the cause of world peace and international self-reliance.

Japan's 'Political Power' Ambition Discussed

SK1101044695 Pyongyang KCNA in English 0434 GMT 11 Jan 95

["Japan Must Remember Lesson of Its Defeat"—KCNA headline]

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA)—An organisation of Dietmen of Japan in a recent "motion" for fundamentally reexamining Japan's foreign and security policy said that if Japan is to be a "country that enjoys respect from the world" in the future, she should become a permanent member of the UN Security Council, intensify the "Japan-U.S. security system" for "guaranteeing security" in the Asia-Pacific region and "make a further contribution" to the UN peace-keeping function.

Commenting on this, NODONG SINMUN today brands it as an undisguised manifestation of Japan's wild ambition for becoming a political power, a military power to turn the world round its finger.

The news analyst says:

This "motion" revealed Japan's intention to poke her nose into the disputes around the world and exercise a political and military influence on them by becoming a permanent member of the UN Security Council and it is aimed at lawfully stepping up the nuclear armament of Japan.

Japan has legalized the overseas military action of the "Self-Defence Forces" [SDF] with the backing of the United States on the pretext of the "intensified Japan-U.S. security system". This is motivated by Japan's design for building the sphere of military domination over the Asia-Pacific region by advancing into it at present and, furthermore, for dominating the world by strength.

By contending that Japan should make a "further contribution" to the UN peace-keeping function, the Japanese reactionaries are trying to step up the military overseas expansion of the "SDF". Connected with this is their call for reexamining the Constitution.

If Japan is to be a country which really enjoys respect, she must clear off the crime-woven past first of all.

Anniversary of Palestinian Revolution Observed

SK1101045695 Pyongyang KCNA in English 0429 GMT 11 Jan 95

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA)—Working people in Pyongyang Tuesday met to mark the 30th anniversary of the start of the Palestinian revolution.

Addressing the meeting, Chu Song-il, chairman of the Central Committee of the General Federation of Trade Unions of Korea and chairman of the Korea-Palestine Friendship and Solidarity Committee, said the foundation of the state of Palestine marked another important occasion in giving a strong impetus to the Palestinian people in their struggle for the liberation of the country and national independence.

The friendly and cooperative relations between Korea and Palestine have developed into a new higher stage through the historical meetings between the great leader Comrade Kim Il-song and respected President Yasir 'Arafat, he said, adding:

"We will make active efforts for further adornment of the bonds of friendship and unity between the two peoples under the leadership of the great leader Comrade Kim Chong-il, true to what Comrade Kim Il-song intended in his lifetime."

Shahir Mohammed, Palestinian ambassador to Korea, in his reply said the great leader Comrade Kim Il-song and the great leader Comrade Kim Chong-il played the sincere, vanguard and internationalist role in extending all manner of support, assistance and solidarity to the Palestinian people.

The ambassador said the Palestinian people have fully supported all the initiatives and proposals and the 10-point programme for the great unity of the whole nation in particular put forward by Korea on several occasions for its peaceful reunification and the denuclearisation of the Korean peninsula.

He hoped that the friendly Korean people who have all along worked hard to reunify the country and accomplish the cause of chuche under the guidance of the great leader Comrade Kim Chong-il would achieve greater victory, progress, and prosperity.

The meeting adopted a letter to Yasir 'Arafat, president of the state of Palestine.

ROK Magazine Carries Kim Chong-il Work

SK1101050995 Pyongyang KCNA in English 0418 GMT 11 Jan 95

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA)—The South Korean magazine CHUGAN CHOSON (Korea weekly) November 17, 1994, carried an article explaining the famous work of the great leader Comrade Kim Chong-il "Socialism Is a Science".

The magazine printed a color picture of Comrade Kim Chong-il clapping his hands on the platform of a conference.

The author, Kim In-ku, a researcher of the "Korea's Reunification Institute of CHOSON ILBO", said:

The leader Kim Chong-il's treatise "Socialism Is a Science" is linked by a thread of connection with his three former treatises—"Our Socialism Centred on the Masses Shall Not Perish," "The Historical Lesson in Building Socialism and the General Line of Our Party" and "Abuses of Socialism Are Intolerable". It brings into relief the inevitable victory of socialism, analysing the background and cause of the successive collapse of socialist countries and putting forward measures.

What draws special attention in the treatise is that it is the first treatise published by Comrade Kim Chong-il as the supreme leader after the death of President Kim Il-song.

Noting that the treatise consists of three parts, the author went on:

Part 3 "Our Socialism Is Based on the Chuche-orientated View of and Attitude Towards the Masses of the People" is the core of the treatise in content and quantity.

The leader Kim Chong-il in this part elaborated on the masses of the people, human rights, enforcement of benevolent politics, etc. And indicated the future orientation of politics. He said "in order to distinguish whether one is a member of the masses of the people or not, his social and class status should be considered, but this must not be regarded absolute."

He in conclusion stressed that the party and the people are faced with the heavy yet honorable task to carry forward to accomplishment through generations the socialist cause of chuche which was initiated and led by President Kim Il-song and that all out efforts should be directed to the accomplishment of the socialist cause of chuche with belief in the people and in reliance upon them.

The magazine also carried a summary of the treatise.

Foreign Sailors Praise Greatness of Kim Chong-il

SK1101103195 Pyongyang KCNA in English 1004 GMT 11 Jan 95

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA)—Crewmen of foreign ships staying in Nampo Port on the west coast of Korea met on January 9 to praise the greatness of General Kim Chong-il. They were unanimous in stressing that the great leader Comrade Kim Chong-il is a genuine leader of the people.

Speaking at the meeting, masters and crewmen of Chinese, Russian, Maltese, Honduran and Panamanian-flagged ships said he enjoys highest respect from the world progressive people because he is brilliant in ideology and theory, charming in leadership art and devoted to the people.

Noting that all the Koreans say General Kim Chong-il is immediately President Kim Il-song and vice versa, they pointed out that General Kim Chong-il, the successor to the revolutionary cause of chuche, is successfully developing Korean-style socialism centred on the popular masses.

The speakers said that the great leader Comrade Kim Chong-il has triumphantly led the revolution and construction, fully inheriting the great leader President Kim Il-song's noble traits of leadership and that the great achievements made in the Democratic People's Republic of Korea are a fruition of his brilliant leadership.

They expressed the belief that guided by His Excellency Kim Chong-il, a brilliant thinker and theoretician and outstanding military strategist, Korea will remain the most excellent country in the world and the peace of Asia and the rest of the world will surely be achieved.

A letter to Comrade Kim Chong-il was adopted and a silk banner to him from a shipping company in Nanjing, China, was conveyed at the meeting.

Cambodian Envoy Visits Kim Il-song Statue

SK1101051295 Pyongyang KCNA in English 0436 GMT 11 Jan 95

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA)—Charge d'Affaires ad interim of the Cambodian Embassy in Pyongyang Oum Lieng Cheat and his embassy officials laid bouquets of flowers before the statue of the great leader President Kim Il-song on Mansu Hill in Pyongyang and made a bow on January 10.

The charge d'affaires ad interim said: "We are deeply grateful to his excellency the great leader Generalissimo Kim Il-song and His Excellency Supreme Commander Marshal Kim Chong-il, the great successor to his cause, for their solicitude for his majesty king and people of Cambodia."

He stated that the friendly relations between Cambodia and Korea will grow stronger and develop.

Kim Il-song Works Issued on 'World-Wide Scale'

SK1101050895 Pyongyang KCNA in English 0412 GMT 11 Jan 95

[FBIS Transcribed Text] Pyongyang, January 11 (KCNA)—The great leader President Kim Il-song made public over 1,800 works in his lifetime during which he founded the chuche idea and led the revolution and construction for the independence of the popular masses.

His works have been published on a world-wide scale as they are an encyclopedia which gives scientific answers to all theoretical and practical questions arising in the revolution and construction.

His works with his portraits have been brought out in more than 90 countries.

"Selected Works of Kim Il-song," "For the Complete Victory of Socialism" and other collections of his famous works have come off the press in China, Cuba, Romania, Russia, Nepal, Japan, Lebanon, Poland, the Czech Republic and many other countries.

His works were published in 60 national languages by the Pal Publishing and Printing House of Hungary, the Graphica Europa Publishing House of Portugal, the Niju Print Park of Tanzania and other publishing houses and organisations.

Whenever his work was made public, it was brought out in booklet by the State Publishing House of Laos, the Haimanti Publishing House of Bangladesh, the Sanantie Publishing House of Finland and many other well-known publishing houses around the world.

The Datina Publishing House of Romania, the editorial board for the publication of works of President Kim Il-song in Nepal, the Cultura Publishing House of Yugoslavia and publishing houses of other countries brought out 33,000 copies of his works in booklet last year.

His works were carried by 59,294,900 copies of 425 foreign publications last year.

His work "10-point Programme of the Great Unity of the Whole Nation for the Reunification of the Country" has been reported by over 1,000 publications of 120 countries after it was made public.

His reminiscences "With the Century" has been extensively published in many countries.

The Paleya Publishing House of Russia brought out the first four volumes of part 1—The Anti-Japanese Revolution—of the reminiscences "With the Century", and its two volumes were published in China in one book.

The Yuzankaku Publishing House of Japan published the first two volumes of part 1 from the reminiscences and, after President Kim Il-song passed away, vol. 5.

The reminiscences was also published in national languages in Venezuela, Bangladesh and other countries.

The International Institute of the Chuche Idea serialised the reminiscences in its journal PAEKPONG LIBRARY and it was reported by publications of more than 100 countries including Tanzania, Belgium, Singapore, Malaysia, Norway, Central America and Mexico.

Article Emphasizes Party's Economic Strategy

SK1101075695 Pyongyang MINJU CHOSON in Korean 24 Nov 94 p 2

[Article by O Pyong-ae: "The Party's Economic Strategy Is a Revolutionary Strategy To Bring About a Fundamental Change in Socialist Economic Construction"]

[FBIS Translated Text] Currently, all of our functionaries and workers who are accelerating the dynamic advance by deeply bearing in their hearts the great leader's lifetime teaching, are faced with the important task of bringing about a new turning point in socialist economic construction by thoroughly implementing the party's revolutionary economic strategy.

The dear leader Comrade Kim Chong-il has pointed out:

"The most important revolutionary task before us today is to bring about a turning point in socialist economic construction by thoroughly implementing the revolutionary economic strategy put forth by the party."

Putting forth and implementing a correct economic strategy in accordance with the demand of the developing reality and inevitable demand of economic construction, is one of the important tasks facing the working-class party and state leading the socialist economic construction.

The basic goal of the new economic strategy put forth by our party, which was presented based on the scientific analysis of the current situation of the prevailing situation and our country's socialist economic construction, is to enhance, in an epoch-making way, the people's living standard during the adjustment period and further strengthen the country's economic might.

Thus, the revolutionary economic strategy put forth by the party is becoming a militant banner elucidating the course of all the more safely and quickly developing socialist, economic construction of our own style under any circumstances. With the presentation of the revolutionary economic strategy, our people must enhance the people's living standard in an epoch-making way corresponding to the country's economic basis; work so that the independent and modern heavy industry bases better serve the development of the rural economy and light industry; correctly guarantee a balanced development among heavy industry, agriculture, light industry, and trade; prove the worth of the independent national economic basis; and vigorously develop the overall sectors of the people's economy. By doing so, a fundamental turning point was achieved in our country's socialist, economic construction and we came to possess a mighty weapon that can all the more elucidate socialism of our own style which was vigorously built by our own hands.

Most of all, our party's new economic strategy is a revolutionary economic strategy to concentrate strength in the development of agriculture, light industry, and trade so that the people's living standard can be enhanced in an epoch-making way.

The most important revolutionary task facing the working-class party and state who are serving the people, is to enhance the people's living standard by carrying out the economic construction well.

The demand of the popular masses to enjoy to their hearts content an independent and creative life politically, materially, and culturally, under the socialist system of our country which most satisfactorily realizes the intrinsic demand of a social man, is being continuously enhanced along with social development. Enhancing the people's living standard in accordance with the socialist demand is a simple but practical economic problem. The people's living standard must be enhanced in accordance with the socialist demand so that the people's revolutionary enthusiasm and creative activeness can highly manifest itself. By doing so, a new, great revolutionary upsurge can be brought about on all fronts of socialist construction; further consolidate the people's faith toward socialism; and strengthen the single-hearted unity of our society to consolidate, in every way, the invincible might of socialism of our own style.

The party's new economic strategy uses the already provided economic basis well and concentrates strength on developing agriculture, light industry, and trade. By doing so, our party's determination and will to enhance the people's living standard in an epoch-making way in the shortest period was embodied.

If the people's living standard is to be enhanced, efforts must be put into developing agriculture, light industry, and foreign trade. Consumer goods necessary for the people's food, clothing, and shelter are produced in the agricultural and light industry sectors, and when it is supported by foreign trade it can be all the more successfully realized. Therefore, strength must be concentrated in agriculture, light industry, and trade to increase state-level investment in these sectors and give fuel, power, materials, and equipment first so that more mass consumption goods can be produced and enhance the people's material and cultural life in accordance with the socialist demand.

The new economic strategy increases investment in agriculture, light industry, and trade to develop the rural economy; accelerates production of mass-consumption goods and export goods; and develops foreign trade so that raw materials, materials, and equipment necessary in implementing the policy that agriculture is best and light industry is best, can be satisfactorily supplied. Also, in all sectors and units of the people's economy, raw materials, power, and materials must be supplied first if they are being demanded by the sectors to produce agricultural, light industry, and export goods. In particular, work must be carried out so that heavy industry can serve agriculture and light industry all the better so that production conditions to develop the rural economy and light industry can be all the more satisfactorily supplied. By doing so, agricultural production can be increased and production of various high quality, mass-consumption goods can be normalized at a high level. Therefore, while correctly guaranteeing the balance between economic construction and the people's living standard, and the production of means of production and production of consumer goods, the people's living standard can be systematically enhanced as well. By doing so, our people's material and cultural demand, which is being enhanced with each passing day, can be satisfactorily supplied in accordance with the socialist demand.

Next, the party's new economic strategy is a revolutionary economic strategy which normalizes production at a high level in all sectors by giving priority to the people's economy in the leading sector, and works to sufficiently manifest the might of the already-provided economic basis.

The priority key in bringing about a new production upsurge at this time is to sufficiently manifest the might of the already-provided economic basis. If this is to be carried out, the coal industry, power industry, and railway transportation which are leading sectors of the people's economy, must be put in the forefront and continue to develop the metal industry.

Giving priority to the coal industry, power industry, and railway transportation which are leading sectors of the people's economy means giving funds, materials, and equipment to these sectors before other sectors so that the scale of their production can be quickly increased and strengthen the material and technical basis. By doing so, it is to satisfactorily supply the increasing coal, power, and transportation demand. Also, continuously developing the metal industry means increasing its output to satisfy the demand of the people's economy regarding iron and steel materials.

The party's economic strategy is to firmly give priority to the coal industry, power industry, and railway transportation which are leading sectors of the people's economy, and continuously develop the metal industry so that balance among other sectors and the leading sectors can be guaranteed well. Therefore, it is possible to sufficiently manifest the economic basis that they have provided.

Coal and electricity are fuel and energy that are consumed in all sectors and units of the people's economy which must not run out even for a moment. Also, the railway transportation is the country's artery and a pilot of the people's economy. Therefore, according to how much the coal industry, power industry, and railway transportation will be preceded before other sectors, will determine the scale, development speed, and security of the country's industrial production.

The demands for fuel, power, and transport will rapidly increase as the economic scale becomes larger and production increases. Therefore, increasing the production of fuel and electric power to meet these demends is inevitable in economic development. Furthermore, with socialist economic construction being carried out rapidly on a large scale and much more coal being used in power production, our country's situation in recent years has made the supply of fuel and power in a timely manner an urgent problem in socialist economic construction that needs resolving.

The party's economic strategy makes it possible for the power industry sector to accelerate the construction of more new power plants and for the coal industry sector to smoothly produce coal required by power plants and, thus, to smoothly meet the increasing demands for fuel and power.

Also, in the railway transport sector, we should rapidly increase the production of freight cars and locomotives and realize the introduction of heavy-duty freight cars so that the transportation capability for materials and production facilities such as machinery, raw materials, materials, and fuel, can increase. Thus, in the railway transport sector, we should smoothly ensure smooth linkage between production and consumption of different sectors and districts.

Along with this, we should concentrate efforts on constantly developing the metal industry. In order to do so, we should expand the production capability of the coal industry, electric power industry, and railway transport, which are the leading sectors of the economy; should strengthen the material and technological foundations of our economy; and should thus smoothly guarantee the supply of steel materials required for thoroughly implementing the agriculture-first, light industry-first, and trade-first policy.

Balance can be maintained between leading sectors and other economic sectors and production in all sectors of the national economy at a high level can be normalized only when a smooth supply of fuel and power is ensured in all sectors of the national economy and when the normal supply of production machinery, raw materials, and materials through smooth transport is guaranteed. At the same time, we can solidify and enhance the might of the economic foundation that has been formed.

When production is regularized in all sectors of the national economy, and the available economic foundation is more firmly deepened, we can not only develop the economy rapidly, but we can also epochally promote the standard of people's lives in conformity with the socialist demands by maximizing mobilization and utilization of the national economy's potential and its abundant natural resources.

Indeed, our party's new economic strategy is a most revolutionary economic strategy which can make it possible not only to further readjust, strengthen, and perfect heavy industry, light industry, and the production and technological foundation of agriculture and to more firmly deepen a mighty economic foundation capable of more smoothly and independently meeting the demands for our people's livelihood, but also to effect a great revolutionary turn in socialist construction.

All functionaries and working people should thoroughly implement the revolutionary economic strategy as intended and planned by the party and with the revolutionary spirit of self-reliance and fortitude and, thus, effected a new upsurge in socialist construction. Thus, they should consummate to the end, the chuche socialist cause as intended by the great leader while he was alive.

Upswing in Production at Power Complex Praised

SK1101131095 Pyongyang Korean Central Broadcasting Network in Korean 0523 GMT 11 Jan 95

[Unattributed talk: "Electricity Producers in the Capital Who Have Risen Up With Great Faith"]

[FBIS Translated Text] Electricity producers of Pyongyang Thermal Power Complex have boldly set out the first battle in the new year, with a sheer loyal intent to make the great leader [yongdoja] Comrade Kim Chong-il, our destiny and future, happy by brilliantly implementing the teaching left by the great leader and the militant tasks presented in the joint editorial carried by NODONG SINMUN. They are currently accelerating electricity production, with more vigorous spirit and optimism than ever.

The great leader [yongdoja] Comrade Kim Chong-il noted: Thermal power plants should take measures to normalize the production of electricity.

Peerlessly high is the upsurged in enthusiasm of the electricity producers of Pyongyang Thermal Power Complex who are stepping up the new year's onward march, with faith and optimism for the future, after converting the unerasable pain of loss into new strength and courage.

The high enthusiasm and exalted fighting spirit of the working class of this complex are plainly sensed from the buzzing sound of facilities at turbine shops, youth heat-production shops, and all other workshops, which are being operated at full capacity.

The great leader [suryongnim] is with us forever. Let us faithfully uphold the great leader [yongdoja] Comrade Kim Chong-il by effecting a greater upswing in electricity production, supposing the fatherly leader always looks at the chimneys of our power complex. This is a pledge that the functionaries and electricity producers of Pyongyang Thermal Power Complex made even more firmly on New Year's Day.

Because they have this fervent pledge of loyalty, the electricity producers are increasing electricity production, operating all generating facilities at full capacity as the first battle in the new year. With the desire to know the details of their struggle, we met Comrade Kim Kon-il, branch chief of Pyongyang Thermal Power Complex.

[Begin Kim recording] Bearing deep in their hearts the fatherly leader's teaching, all electricity producers of our Pyongyang Thermal Power Complex have tenaciously done preparatory work, under the wise leadership of Comrade Kim Chong-il, great leader [yongdoja] of our party and people, to glorify this meaningful year, when the 50th anniversary of the founding of the Workers' Party of Korea and the 50th anniversary of the fatherland's liberation will be marked, by achieving a greater success in producing electricity.

Upholding our party's policy on planned and preventive repair, we properly repaired facilities, including two boilers and the turbine generator, to prepare them for full operation. We also rounded off major generating facilities in quality, so as to increase electricity production to the utmost and to completely eradicate errors. We have operated all machines at full capacity since the beginning of the new year.

As stressed in the joint editorial, our power industry sector, a primary processing sector, has a sacred task to effect an upsurge in all sectors of the people's economy, including agricultural and light industrial sectors, by more smoothly solving power problems.

The spirit of our electricity producers, who are well aware of the significance of their own positions and duties, is exceedingly great. All electricity producers of our Pyongyang Thermal Power Complex are effecting a new upsurge in producing electricity and hot water at every workshop and on every processing line as the first battle in the new year, as instructed in the joint editorial. [end recording]

We were even more moved by the following story about the struggle being carried out by the workers of the First Youth Heat-Production Shop of the complex.

On the third day of the first battle in the new year, the First Youth Heat-Production Shop set a high goal to increase steam production over 1.2 times more than expected. Then, some people disagreed and urged against having excessively high ambition, saying the original goal was high enough.

At that time, Comrade O Kon-u, the first shift supervisor of the First Youth Heat-Production Shop, said: What pledge did we make deep in our hearts on the morning of New Year's Day, looking up at the benevolent image of the fatherly leader? We pledged to make every effort to brilliantly implement the teaching left by the great leader and the militant tasks presented in the joint editorial carried by NODONG SINMUN, did we not? I think we can increase the production of electricity if we have a mind to do so and concentrate our efforts.

Comrade Pak Ui-myong, head of the shop, agreed with him and suddenly stood up to say: That is right. We have done everything that we intended to do, have we not? We effected an unprecedented innovation in electricity production with our own efforts and with existing facilities under the difficult situation in July last year, converting the great national sorrow into new strength and courage. At this moment, I remember with deep emotion the great leader's meaningful teaching that he looked at our complex's chimneys every morning and set his heart at ease, seeing our complex's chimneys first on his way back from an on-the-spot guidance to local areas. Let us make Comrade Kim Chong-il, our destiny and future, happy by further increasing the production of electric power, as intended by the fatherly leader when he was alive.

The shop head's remark touched greatly the hearts of the steam producers. The workers of the First Youth Heat-Production Shop gathered their strength and wisdom to seek a way to increase steam production. They finally found a proper way to increase steam production.

While the First Youth Heat-Production Shop effected a new upswing, it was constantly heard that turbine shops achieved proud successes by boldly carrying out work. In particular, turbine operators, including Comrade Choe Chong-sin of a shift team, managed facilities and machine tools in accordance with the demand of technical standards and increased turbines' efficiency to the utmost. They made the New Year's resolution of loyalty in front of Nos. 1 and 9 turbines, which exemplifies a great love, and since then they have achieved unprecedented results in producing electric power.

When we visited the turbine shop, where the workers were creating favorable conditions by themselves with the revolutionary spirit of self-reliance and fortitude, Comrade Kim Yong-su, deputy chief of the turbine shop, stated:

[Begin Kim Yong-su recording] All employees of our turbine shop are devoting all their wisdom and energy to producing electric power to faithfully uphold respected and beloved Supreme Leader Comrade Kim Chong-il even better, bearing deep in their hearts the teaching left by the great leader.

All shift workers come to the workshop earlier than the shift change to examine the operating situation of machines and work tenaciously, and even after their shift hours, they help the next shift workers produce more electricity.

They operate machines at full capacity in accordance with the demand of the standard manufacturing procedure at every stage, thus increasing electricity production with the same amount of steam.

We will completely implement the great leader's teaching by effecting a great upswing in producing electric power. [end recording]

That is not all. All workshops and processing units of the complex, including the Second Youth Heat-Production Shop and the Coal Transport Shop, whose employees have risen up with the fervent desire to meaningfully greet the 50th anniversary of the party founding, are filled with revolutionary zeal and spirit more than ever.

As shown above, the electricity producers of the Pyongyang Thermal Power Complex have been carrying out the vigorous struggle to increase electric power since the very beginning of the new year, upholding the great leader's lofty lifelong desire and the party's intent.

Greater results will be achieved in production of electric power due to the upsurge in zeal of the functionaries and electricity producers of Pyongyang Thermal Power Complex, who have vigorously risen up to implement the party's revolutionary economic strategies, firmly hardening the faith that upholding the great leader [yongdoja] Comrade Kim Chong-il's leadership, while bearing deep in mind the fatherly leader's teaching, is the way to victory.

Supung Power Plant Surpasses Production Plans

SK1101095095 Pyongyang Korean Central Broadcasting Network in Korean 2100 GMT 10 Jan 95

[FBIS Translated Text] The electricity generating workers of the Supung Power Plant are continuing to achieve great success in electricity generation.

The operators, including Yi Ui-sam, chief of the generator workshop who is the Double Three-Revolution Red Flag labor hero, are overfulfilling daily plans for electricity generation by reasonably distributing loads to each generator, while deeply realizing the importance of the duties assigned to them in accomplishing the party's revolutionary economic strategy.

At the moment, they are continuing to vigorously carry out the struggle to smoothly satisfy the ever-increasing demand for electricity in various sectors of the people's economy.

Increased Cement Production Reported

SK1101050795 Pyongyang KCNA in English 0404 GMT 11 Jan 95

[FBIS Transcribed Text] Pyongyang, January 10 (KCNA)—The cement factories of Korea are increasing production in the New Year.

The Sunchon and Sangwon cement complexes topped their daily quotas 50 percent in the first week of the New Year.

The Haeju and Chonnae cement factories are now overfulfilling their daily assignments 30 percent.

The Yohyon cement factory and many other cement factories are turning out more cement than their plans by well organizing production and effecting technical innovations.

South Korea

Participants Decide To Extend KEDO Meeting

SK1101003095 Seoul YONHAP in English 0024 GMT 11 Jan 95

[FBIS Transcribed Text] Washington, Jan. 10 (YONHAP)—South Korean, U.S. and Japanese officials decided to extend their working-level meeting until Wednesday to discuss a draft agreement on establishing the Korea Energy Development Organization (KEDO), a participant said Tuesday.

The officials still have to decide whether the term "South Korean-style nuclear reactors" should be specified in the draft agreement on KEDO's creation, he said.

Working-level officials from the three countries held the scheduled two sessions on Monday and Tuesday but were unable to reach an agreement.

The participant said, "We agreed to specify the supply of two South Korean-style reactors in the draft contract between KEDO and North Korea, but we still have to decide whether or not to specify the term 'South Korean-style' in the draft agreement on establishing KEDO. That's why we extended the meeting."

Seoul wants the term specified in the agreement. The United States opposes the idea, however, saying it is not necessary to include this term in spelling out the consortium's purpose and irritate North Korea for nothing.

Agree on Draft KEDO 'Contract'

SK1101115495 Seoul YONHAP in English 1144 GMT 11 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP)—South Korean, U.S. and Japanese officials have agreed not to specify in an agreement on the creation of the Korea Energy Development Organization (KEDO) the words "standard South Korean-type" with regards to the light-water reactors to be provided to North Korea, a diplomatic source in Seoul said Wednesday [11 January].

However, the officials agreed to describe Nos. 3 and 4 Ulchin atomic power plants, which is the standard South Korean type, as a reference model in a basic agreement to be concluded between KEDO and North Korea for the delivery of light-water reactors, the source said.

The agreement was made at a working-level officials meeting of the three countries held in Washington since Jan. 9, where, the source said, draft agreements on KEDO's creation and on the supply of light-water reactors were worked out.

Regarding KEDO organization, they agreed to fill the post of KEDO secretary-general with a U.S. official and name deputy secretaries-general from among South Korean and Japanese officials.

The three countries shared the view that KEDO's operation council in charge of policy decision shall be formed only among South Korea, U.S. and Japan, and that an operation advisory committee will consist of officials from China, Russia and G-7 countries.

It was also agreed that KEDO headquarters will be set up in New York and that if necessary, a temporary KEDO office will be created in North Korea in the course of supplying reactors.

The three countries reaffirmed that the non-tariff principle should be applied to various facilities and goods to be taken into North Korea for the construction of light-water reactors, and decided to ask North Korea to ensure visa issuance and personal safety for those technicians and construction work force entering North Korea for reactor construction.

The United States is expected to forward to North Korea a copy of the draft basic contract on the supply of light-water reactors and, based thereon, will hold a U.S.-North Korea reactor experts meeting in Beijing toward the end of this month.

Authorities Begin Loading Heavy Oil for DPRK

SK1101102195 Seoul YONHAP in English 1008 GMT 11 Jan 95

[FBIS Transcribed Text] Yochon, Jan. 11 (YONHAP)—The first shipment of heavy oil set to be provided by the United States to North Korea under the Geneva U.S.-North Korea agreement, began to be loaded into a chartered foreign tanker at the Yosu Harbor Wednesday afternoon for delivery to the North.

Loading started at 1:40 PM into a 67,000-ton Chinese tanker, Da Qing No. 94, at the Sapo oil pier of Honam oil refinery's Yochon plant.

The Chinese tanker sailed into the Yosu Harbor Wednesday morning. Before the loading, the tanker was inspected by U.S. Army Col. C. Westrip and another Pentagon inspector.

A total of 24,000 tons of heavy oil is set to be loaded into Da Qing No. 94 over 20 hours before it leaves Thursday afternoon. The tanker is expected to reach the Sonbong Harbor in northeastern North Korea after 40 hours' sail.

Meanwhile, a 90,000-ton tanker of Liberian registry, Lark Lake, originally set to enter the Yosu Harbor on Thursday to carry the same heavy oil to North Korea, will arrive Saturday morning due to a repair in China, a source said.

The Honam Oil Refinery Co. has obtained a contract from the U.S. military petroleum authorities for the supply of the first batch of heavy oil set to be given to North Korea in return for North Korea's freezing of their existing nuclear facilities.

President Urges 'Flexible' Stand Toward DPRK

SK1101042795 Seoul YONHAP in English 0420 GMT 11 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP)—President Kim Yong-sam called Wednesday for maximizing the national interest through positive diplomacy and realizing practical progress in South-North Korean relations in the new year.

Kim also emphasized the need to cultivate an elite and strong army to preserve peace while saying that, in the event of a national emergency, all of the country's security capabilities must be brought to bear.

The chief executive made the points while receiving reports on new year programs from four administrative agencies in charge of national unification, diplomacy and national security: The National Unification Board (NUB), the Foreign and Defense Ministries and the Emergency Planning Committee.

Kim ordered emergency preparedness drills as a practical footing to enhance security yet minimize citizens' inconvenience along with an expanded crisis-handling function.

He called on the Defense Ministry to be thoroughly prepared in its counter-crisis efforts as North Korea could still make a misjudgment about South Korea.

Referring to military discipline, Kim said soldiers' military life must be made worthwhile with vigorous morale, stern discipline and improved welfare.

The most important diplomatic objective is to find an opening for national reunification by securing peace and stability on the Korean peninsula, he said.

He then pointed out that maintaining the country's alliance with the United States on the basis of mutual trust is essential for peace on the peninsula.

"North Korea is liable to seek inter-Korean confrontation and a South Korea-U.S. split due to its internal problems," Kim stated. "We need to take flexible and creative attitudes toward North Korea so that practical inter-Korean dialogue and exchanges could be realized to meet the world trend of easing tensions in the post-Cold War era."

Turning to the provision of light-water nuclear reactors to North Korea, Kim asked the ministries to coordinate their policies and consult closely with the countries concerned.

"As the reactor provision is the first project for the joint national development programs, it must be carried out with the support of the people," he asserted.

Kim then stressed the need to further develop cooperative relations with Japan on the 50th anniversary of the country's liberation from Japanese colonial rule and the 30th anniversary of South Korea-Japan diplomatic normalization.

He also advocated expanding the nation's existing friendly ties with China and Russia.

First Imports of DPRK Apples Announced

SK1101075395 Seoul YONHAP in English 0745 GMT 11 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP)—The Agriculture, Forestry and Fisheries Ministry said Wednesday that 15,000 tons of North Korean apples will be imported in 1995, with the first 8,000-ton shipment arriving this month.

The imports, being conducted by local trading houses in direct deals with North Korean exporters, will be processed by the Agricultural and Fishery Market Corp., ministry officials said.

Baeksan Trading Co. will import 13,000 tons; 3,000 tons are to leave the North's Haeju port on Jan. 15 and arrive in Pusan on Jan. 20 or 21; 5,000 tons on the same route to Pusan on Jan. 24 or 25; and 2,000 tons in mid-February.

The North Korean apple is the "kukkwang," which is no longer raised in South Korea because it offers less taste than such varieties grown here as the "fuji" and "hongok."

The import price for North Korean apples is 500 won per kilogram, slightly higher than the 400 won paid for local applies used in processing.

The importation of North Korean apples this month is the first of its kind since the nation was divided in 1945, though fish and potatoes have come from the North in recent years.

One official, noting that apple production fell by 16,000 tons from 1993 to 600,000 tons last year, said the North Korean apples would meet the demand for processed apple products including juice.

The import of apples has been liberalized under a quota system starting this year, but quarantine and other problems still bar apple imports from other countries.

But imports of farm products from North Korea are not subject to the import quota system as they are treated as tariff-free in-country trade.

Samsung Group Delegation Arrives in DPRK

SK1101084395 Seoul KBS-1 Radio Network in Korean 0830 GMT 11 Jan 95

[FBIS Translated Text] This is news from the Radio Information Center:

A nine-man fact-finding team from Samsung Business Group arrived in North Korea on 11 January to investigate the environment for investments in the Najin-Sonbong region and to discuss economic cooperation with North Koreans. The Samsung Group team left Beijing at 0100 [0400 GMT] on the afternoon of 11 January via a special plane of the Koryo Civil Aviation Administration provided by North Korea, and arrived at Chongjin at around 0400 in the afternoon.

* DPRK Defectors on 'Phobia Against War'

952C0026B Seoul NAEWOE TONGSIN in Korean No 920, 29 Sep 94 pp G1-G2

[NAEWOE report: "Residents in North Korea Are Seized With 'Fears of War'"]

[FBIS Translated Text] Seoul, NAEWOE—A markedly large number of people in North Korea are under an obsession of the "fear of war" and as a result suffering from insomnia and mental depression, according to reports which are drawing attention.

According to defectors from the North, it was early last year that people began to show signs of a phobia against war.

North Korean authorities had been stressing the inevitability of "a 1955 reunification war" at "lecture meetings on the situation" when they declared a "semiwar state" in March last year. Subsequently, in connection with the nuclear inspections issue, they kept playing up their "readiness to go to war" through government-run propaganda media. The result was that most of the people came to believe that there would be a war sooner or later. They have since been in constant fear of war and struggling to prepare for it, according to reports.

In consequence, along the North Korean-Chinese border, the number of people attempting to cross the border solely to flee from the threat of war—not from food shortages or other hardships of life—is reportedly gradually increasing.

An unidentified former officer, 28, who was once a secret service member for Kim Chong-il defected to China in July last year "for fear that a war is about to break out." But he was captured by Chinese public security officials in Yanji and turned over to North Korean authorities. A Miss Pyon, an employee of a company of the Southern Affairs Liaison Office, which is a business firm to earn foreign currency, and another woman defected to China across the Yalu River during a vacation. These are seen as typical cases showing a phobia against war spreading among the North Korean people.

Meanwhile, defectors are said to prefer to go to Inner Mongolia or Russia's inland regions for hiding.

It is because they think that Inner Mongolia is relatively safe from the threat of war and the people there bear a resemblance to them in their appearance and manner of speech, and they are kind. As regards Russia's inland regions, they are so vast that defectors are said to feel greater safety from the hands of pursuers than in places like China's Yanbian.

NUB: DPRK Grain Shortage 'Has Worsened'

SK1101055395 Seoul YONHAP in English 0544 GMT 11 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP)—North Korea's shortage of grain has worsened over the past four years, the National Unification Board (NUB) said Wednesday.

According to an NUB study of food supply-demand in the North between 1991 and 1994, the Stalinist country produced on average just 60 percent of the food needed per year during the period.

In 1991, North Korea's total food demand was 6,470,000 tons, but it was able to produce a mere 4,812,000 tons—74.4 percent of demand.

The self-sufficiency rate for food grains continued falling to 68.1 percent in 1992, 64.9 percent in 1993 and 58.2 percent last year, according to the NUB.

To cope with the shortage, North Korea has imported grain from several countries including China, Thailand and Australia as well as reduced rations given to the people.

Pyongyang has set a goal of producing about 4,125,000 tons of food grains this year, about 61.4 percent of the expected 6,720,000- ton demand.

The economically strapped nation has been striving to increase food production since a plenary meeting of the Central Committee of the North Korean Workers' Party held in December 1993 decided to adopt an economic strategy accenting light industry, trade and agriculture.

Scholar on Kim Chong-il, Kim Pyong-il Followers

SK1101151495 Seoul KBS-1 Radio Network in Korean 1433 GMT 11 Jan 95

[FBIS Translated Text] It has been learned that in December 1994 there was a shoot-out between the followers of Kim Chong-il of North Korea and those of Kim Pyong-il, Kim's half-brother, resulting in seven or eight deaths or injuries.

This incident was made public by Dr. Kim Yong-hun, a Korean-American senior fellow on Korean affairs at the U.S. National Security Council, at a forum on security and strategy hosted by the Social Science Institute of Yonsei University at the Swiss Grand Hotel in Seoul on the afternoon of 11 January. He reported this while discussing the current North Korean situation and U.S. security policy.

According to Dr. Kim, the North Korean side suddenly postponed a meeting with high-ranking officials of Hunchun, PRC, on plans to develop the Tumen River in North Korea last December, stating that an urgent situation [kinbakhan sajong] had occurred. When questioned about the urgent situation, the North Korean officials confessed to the PRC officials that there was a shoot-out between the followers of Kim Chong-il and those of Kim Pyong-il in Pyongyang from 12 to 17 December 1994 resulting in seven or eight casualties.

* 'Idolization' of Kim Chong-il's Mother Reported

952C0026C Seoul NAEWOE TONGSIN in Korean No 920, 29 Sep 94 pp E3-E5

[NAEWOE report: "Idolization of Kim Chong-suk Stepped Up"]

[FBIS Translated Text] North Korea has further stepped up activities to idolize Kim Chong-suk in what is viewed as a noteworthy development.

The idolization of the mother of Kim Chong-il, pushed by Kim Chong-il since 1974, is itself nothing new; what is new is the fact that events designed to put her on a pedestal have been steeply upgraded in both substance and scale.

In the past such activities had focused on her birthday, 24 December, with public organizations like the Democratic Women's Union, the Agricultural Workers Union and the Socialist Working Youth League marking the day separately with programs including "a movement to follow the example of Kim Chong-suk," "a visit to the Kim Chong-suk Revolutionary Museum," "a memoir-reading meeting" and a "songs-of-loyalty singing gathering." There had been no particular events commemorating her death anniversary, 22 September.

But it was different with the 45th anniversary of her death this year, which was commemorated at the level of the party Central Committee with such events as a seminar on the Kim Chong-suk thought (held on 19 September at the Central Workers Hall) and a central memorial meeting (on 20 September at the People's Cultural Palace). Also, top party, government, and military leaders were seen attending these events en masse, emphasizing the importance of the events extraordinarily.

Among the leaders present at the 20 September "central memorial meeting" were Minister of People's Armed Forces O Chin-u, Premier Kang Song-san, Vice Premier Yi Chong-ok, Foreign Minister Kim Yong-nam; party secretaries Kye Ung-tae, Choe Tae-pok, Kim Ki-nam, Hwang Chang-hyop, Kim Chung-nin and Kim Yong-sun; Vice Premiers Kim Yong-nim, Kim Pok-sin and Chang Chol; Supreme Committee Chairman Yang Hyong-sop, State Planning Committee Chairman Hong Sok-hyong, and State Inspection Commission Chairman Chon Mun-sop.

At the same time, party, government, and military organizations, as well as public organizations, respectively urged their people to visit the statues and other structures erected to idolize Kim Chong-suk, including one at the Mausoleum of the Revolutionary Martyrs in Taesongsan, Pyongyang, the Hoeryong Revolutionary Site in North Hamgyong Province, and the Sinpa Revolutionary Site in Kim Chong-suk County, Yanggang Province. Even foreign diplomats stationed in North Korea and pro-North overseas Koreans were made to pay their respects at these structures.

Present at the "wreath placing ceremony" to the bust of Kim Chong-suk on 22 September at the Mausoleum of the Revolutionary Martyrs were all the party, government and military leaders who earlier attended the central memorial meeting. Also present, and laying their wreaths, were foreign "economic and trade councilors" in Pyongyang, including Russian Trade Representative Yevgeniy (Billim), and representatives of the General Association of Korean Residents in Japan.

Meanwhile, in Hoeryong City, some 63,000 people of all strata were mobilized for a little over a month from mid-August to 22 September to attend gatherings at the Kim Chong-suk Revolutionary Museum there. They were urged to learn from Kim Chong-suk's thought and follow her example.

The fact that the Kim Chong-suk idolization program was further stepped up on her death anniversary has something to do with Kim Chong-il's imminent succession to power. It is interpreted as Pyongyang's scheme to use the anniversary to inspire the people to display maximum loyalty to Kim Chong-il.

North Korea has glorified Kim Chong-suk as an "indomitable communist fighter" and "anti-Japanese heroine," heaping praises on her "devoted and wholehearted service" for Kim Il-song in particular.

Now it is working to use such an image of Kim Chong-suk as convenient propaganda material for ensuring Kim Chong-il's smooth succession to power. At the same time, it is urging all the North Korean people to learn from the Kim chong-suk "spirit of devoted service" and cherish their firm "loyalty and filial piety" to Kim Chong-il.

For instance, in one week, 20-26 July, North Korea mobilized a total of more than 100,000 party and government cadres and residents to atend gatherings at the site of the Kim Chong-suk statue in the Mausoleum of the Revolutionary Martyrs in Taesongsan, where they pledged to "learn from the example of Kim Chong-suk and uphold Kim Chong-il as the supreme leader of the party, the state and the military, and to devote all our loyalty to him forever."

As Kim Chong-il tightens his grip on power in the future, it is expected that the idolization of Kim Chong-suk as the late mother of the absolute ruler of North Korea, will go on even more openly and that there will be more colorful events marking her 77th birth anniversary on 24 December this year.

Meanwhile, changes made under the Kim Chong-suk idolization program led by Kim Chong-il include the following:

—Sinpa County and Sinpa Town, Yanggang Province, were renamed as Kim Chong-suk County and Kim Chong-suk Town respectively in August 1981 "in a tribute to the memory of the revolutionary spirit and achievements" of Kim Chong-suk.

—Sinpa Girls Senior High School in Kim Chong-suk County was renamed as Kim Chong-suk Girls Senior High School in August 1981 in memory of her "achievements in the education of younger generations."

—Hyesan No. 2 Teachers College in Hyesan City, Yanggang Province, was rechristened as Kim Chong-suk Teachers College for the purpose of "training teachers for senior high schools in the province,"

—The Kim Chong-suk Revolutionary Museum was built in 1974 "in memory of the revolutionary achievements" of Kim Chong-suk. This museum was expanded in September 1982. Currently, it has 16 exhibition rooms.

In addition, Kyongsong Sanatorium in North Hamgyong Province was renamed as Kim Chong-suk Sanatorium in 1988, and Hoeryong Teachers College as Kim Chong-suk Teachers College in October 1990. Kim Chong-suk Nursery was built in Pyongyang in 1988, and Kim Chong-suk No. 1 Senior High School in Pyongsong City, South Pyongan Province, in 1988.

Seoul: DPRK Invites U.S. Experts To Visit

SK1101101795 Seoul YONHAP in English 1014 GMT 11 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 11 (YONHAP)—Four U.S. experts in Korean affairs are expected to visit North Korea Jan. 14-21 at the invitation of a North Korean institute.

"We understand a North Korean institute has invited former American Ambassador to Korea James Lilley and three other U.S. experts in Korean affairs to visit Pyongyang," a Seoul government official said Wednesday.

He said the invitation seems to be part of the North Korean efforts to improve relations with the United States.

The three other invitees are Prof. Kim Yong-chin of George Washington University; Don Overdorf, honorary fellow at Johns Hopkins University; and T. Peterson, a defense and security expert.

On Jan. 9 North Korea announced it would soon lift the ban on the introduction of American goods and allow U.S. trade ships to sail into North Korean harbors.

Stricter Security for U.S. Planes After Threat

SK1101021595 Seoul KBS-1 Radio Network in Korean 0135 GMT 11 Jan 95

[FBIS Translated Text] Airport police authorities have been placed on high alert with notification of a terrorist bomb threat against U.S. carriers operating out of Kimpo Airport.

The U.S. Federal Aviation Bureau notified Kimpo Airport police that Phillipine Islamic extremists had sent a terrorist bomb threat in a telegram to U.S. airline companies such as Delta, Northwest, and United Airlines, which operate out of Kimpo Airport. Following this notification, Kimpo Airport police have intensified security checks and investigation of passengers and baggage.

U.S. Request on Tax Probes of Car Owners Viewed

SK1101041295 Seoul MAEIL KYONGJE SINMUN in Korean 11 Jan 95 p 2

[By correspondent Kim Tae-ho from Washington]

[FBIS Translated Text] Making diverse efforts to open the ROK car market, the United States has now asked the ROK to stop launching tax investigations into those who own luxury cars.

Kim Chong-ki, economic minister at the ROK Embassy to the United States, revealed this request by the United States when he was delivering a speech to the 10th congress of the ROK-U.S. Economics Society held in Washington on 10 January (on the afternoon of 9 January, Washington time). Minister Kim also said: While overall trade relations between the ROK and the United States are better than ever, the two countries are in dispute over automobiles and meat because of the differences in viewpoints. He added that the United States sent the ROK an official letter regarding automobiles, thus, interfering into the ROK's tax affairs.

Minister Kim disclosed that in the letter, the U.S. Commerce Department stated: "The ROK National Tax Administration is launching special tax investigations on owners of luxury cars, and this affects foreign car sales as they are mostly luxury cars."

The Commerce Department also stated: "Such tax collection practices of the tax administration is clearly an unfair practice designed to block imports." It also says: "If the ROK does not correct this practice, the United States will invoke the Super 301 provision to retaliate."

Trade experts in Washington say: "The ROK National Tax Administration indiscriminately uses tax investigations, an ordinary tax collection activity, as a measure to keep certain activities in check. This led the United

States to make such a request. Nevertheless, in view of international law, such a request may, to a certain extent, be construed as interference into the ROK's internal affairs."

In the meantime, the ROK Government has decided to fully heed this request. As a result, the tax administration commissioner recently sent a special letter to tax agencies throughout the country asking them to stop launching tax investigations into owners of luxury cars.

PRC's Jiang Zemin, Li Peng Plan Korean Visits

SK1101071495 Seoul CHUNGANG ILBO in Korean 11 Jan 95 p 1

[Report by Mun Il-hyon from Beijing]

[FBIS Translated Text] Under China's policy to strengthen diplomacy toward the Korean peninsula, top-level officials ranking from first to third in the CPC, including President Jiang Zemin; Premier Li Peng; and Qiao Shi, chairman of the Standing Committee of National People's Congress, will make official visits to North and South Korea during the first and second half of the year. On 10 January, a high-ranking Chinese official revealed that "during a recent joint conference of the Foreign Affairs Committee of the party Central Committee and the Foreign Ministry, it was decided that President Jiang and Chairman Qiao Shi will visit the ROK, while Premier Li will make an official visit to North Korea sometime this year."

The official stated: "Plans of the state leaders to visit foreign countries will be finalized during the Foreign Affairs Committee of the party Central Committee conference beginning 11 January. However, general plans have already been finalized."

Ministry Voices Concern Over Chechen Crisis

SK1001020595 Seoul SEOUL SINMUN in Korean 10 Jan 95 p 2

[Report by Yu Min]

[FBIS Translated Text] On 9 January, a Foreign Ministry spokesman issued a statement regarding the worsening of the Chechen crisis saying: "First of all, the Chechen intervention is Russia's internal affair. We regret, however, that the death toll had to mount in Chechen as a result of Russia's attack. We hope the Chechen crisis is peacefully diffused at an early date."

Chang Ki-ho, spokesman for the Foreign Ministry, revealed "it is not desirable for international peace that the lives of innocent civilians, including children, are claimed due to the Chechen crisis" and added "the ROK Government stance hoping for the peaceful settlement of Russia's internal affairs is being relayed to the Russian side through a diplomatic channel."

The ROK Government's expression of regret over the Chechen crisis is unprecedented in light of our government's past diplomatic practice which refrained from making a comment as much as possible, taking into consideration our "special relations" with Russia.

Currently, our country has many pending issues with Russia, including the payment of Russia's debts, the establishment of an ROK-Russia economic joint committee, the embassy site, and the development of gas fields.

Editorial Condemns Continuation of NSP Practices

SK1001074095 Seoul HANGYORE SINMUN in Korean 10 Jan 95 p 3

[Editorial: "The Agency for National Security Planning Has Not Changed"]

[FBIS Translated Text] There have been many incidents that make us feel the Agency for National Security Planning [NSP] has not changed. Even after the inauguration of the Kim Yong-sam regime, the NSP still frequently extends its powers and infringes upon human rights. For instance, the NSP is suspected of intensifying illegal telephone wiretaps and mail inspections, and news reports continue to reveal that the NSP is spending its intelligence budget on controlling university student councils and conducting activities to break up dissident groups. These facts lead us to suspect that the Kim Yong-sam regime intends to control our society using the power of the intelligence agency.

It is not news that the NSP has its people posted in government agencies. This is expected by everyone. In the new regime the NSP has not refrained from sending its people to government agencies. For a while after the inauguration of the Kim Yong-sam regime, which had then asserted that the NSP will be transformed into a new intelligence agency, the NSP reportedly had stopped sending its people to government agencies. That lasted for a very short period of time. In early March 1993, Kim Tok, then NSP director, withdrew NSP coordination officers posted in government agencies. In less than one month, however, HANGYORE SINMUN reported NSP agents were revisiting government agencies. Shocked by the report, various social groups demanded that the government and the NSP correct this situation, but there was never a positive answer. Two years after the report, the NSP has broadened its area of appointments. NSP agents are everywhere in the administration, political parties, the National Assembly, the prosecution, the police, media, financial circles, and labor sites. They reportedly gather information on the moves of organizations, groups, and key figures.

On no grounds is the NSP authorized to openly gather information on major government agencies. The NSP's right to inspect the security of government agencies was abolished in the NSP revised law. The NSP thus has no rights to control the administration, not to mention the National Assembly, the judicature, and the media. If the NSP continues to gather information on these organizations, it has not changed its old practice of military dictatorship. If the intelligence agency is showing off its influence and officially visits the legislature, judicature, administration, and media on a regular basis, the country is not democratic. If the country is managed by the intelligence power of the intelligence agency, or by someone who intends to manage politics with intelligence, the regime cannot develop democracy.

Industrialists Support Real-Name Property System

SK1001080795 Seoul YONHAP in English 0749 GMT 10 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP)—The Federation of Korean Industries (FKI) held the year's first regular chairmen's meeting in Yoido Tuesday and declared that the real-name system for property transactions, announced recently by the government, is a national must.

To minimize the side effects of enforcing the system, however, the government should collect opinions from all walks of life in the course of enacting related laws, the participants stressed. The chairmen demanded that the Kim administration take into consideration the guaranteed property rights of legitimate owners and try to prevent economic activities from shrinking.

In addition, they expressed concern about concurrent rises in won's foreign exchange and interest rates. For the globalization vision set forth by President Kim Yong-sam, proper policy adjustment for such increases is necessary, they stated.

The FKI coveyed its opinions to Hong Chae-hyong, Deputy Premier and Finance-Economy Minister, who was invited to attend an advisory committee meeting after the regular session.

The chairmen also decided to pursue the creation of a Sino-Korean business organ during the latter half of the year as one of the FKI's globalization strategies.

On top of all that, the FKI will reorganize its committees according to decisions made at the meeting. Details on the revamp will be reviewed and fixed at a directors' meeting set for Feb. 7, the participants decided.

Ten people attended the meeting including Chairmen Choe Chong- hyon and Vice Chairmen Kim U-chung, Yi Kon-hui, Chong Se-yong, Kim Kak-chung and Kang Sin-ho.

Real-Name System's Effect on Underground Economy

SK1001053595 Seoul THE KOREA TIMES in English 10 Jan 95 p 9

[By staff reporter Yi Chang-sop]

[FBIS Transcribed Text] The series of reform measures taken so far have put a dent in the underground economy, which is unofficially estimated at 20-30 percent of the gross national product (GNP) but it dies hard.

With the ban on the use of fake or borrowed names in financial transactions in August, 1993, the government yesterday announced that it would introduce the real-name system in transactions and registration of real estate from next July.

The Korea Federation of Banks also announced this year that persons borrowing or lending money through illegal or unconventional use of credit cards will be denied access to banks.

At the end of each quarter, financial institutions will send financial records to their clients. This is designed to prevent wealthy people from hiding their financial assets by stealing the names of other people and to put pressure on those lending their names to wealthy people to stop it.

The five-year foreign exchange reform plan, to be implemented from this year, will drive out the currency black market. From the start of this year, Koreans travelling abroad have been able to use up to 10,000 dollars per month and all Koreans can hold foreign currency in amounts up to 10,000 dollars freely.

As people can buy foreign currency easily at banks, they have no reason to go to the black market to buy it, a Ministry of Finance and Economy official said.

Local traders have less need to "underinvoice exports or overinvoice imports" to keep hard currency abroad as they have been allowed to hold expanded amounts of foreign currency.

An informal curb market had been thriving before Seoul launched the five-year financial reform plan in 1993. But as 95.9 percent of lending rates have been liberalized, the interest rate gap between the organized and unorganized curb market has been narrowed. The booming stock market has enabled big firms to raise capital in the stock market easily.

Late this month, the government will complete on-line computer data files telling who owns what kind of real estate where, and when they acquired it or sold it for what price. This will give the government a powerful tool to collect tax on land transactions and holding. If this computer is hooked up with computers of financial institutions, the tax office will be able to get full access to individual asset information by pushing each person's resident card number.

With financial liberalization under way, banks are seeking ways to lend money to creditworthy conglomerates, shunning small-and medium-sized firms. The curb loan market still continues to be essential for marginal and less creditworthy small-and medium-sized firms, according to Yi Pil-sang, a professor at Korea University.

He said despite recent institutional reforms, the Korean underground market dies hard. For example, liquor makers trade the bulk of their products without exchanging receipts to evade taxes.

With the tacit agreement of relatives, friends and family members, wealthy people can hide their financial assets and real estate under borrowed names. The government has no way of detecting the illegal asset stashing to collect taxes, Yi said.

He added that unless tax reform takes place, the government will face limits in eliminating the underground economy. There are so many exceptions in the tax codes that businessmen and wealthy people can easily dodge or save taxes. The tax collection process must be transparent and fair, he added.

Even in the United States, there is a certain underground economy. Despite the recent reform, the underground economy will continue to exist although its size is shrinking, analysts said. Om Pong-sung, senior research fellow of the state-funded Korea Development Institute said, "The government may find limits to root out drug smuggling and money laundering linked to crime organizations."

Property Prices Drop With Real-Name Announcement

SK1001024595 Seoul YONHAP in English 0131 GMT 10 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP)—The government's announcement Monday that a real-name system for property transactions will be implemented in July has left the real estate market wallowing in the doldrums.

Apartment owners have lowered their offer prices by 1 to 5 million won in an attempt to dispose of such units as quickly as possible, fearing the real-name system will pull down prices drastically, according to Seoul realtors.

In Chamsil, south of the Han River in Seoul, some 10 apartments were put up for sale on Monday alone, with the prices dropping 1 to 3 million won, a broker said. There had been few apartments for sale in the area until Monday, he added.

Small 13-pyong (about 43 square meters) flats are going for 135 million won, down 2 to 3 million won from days ago, apparently because the real-name system has prompted the owners to dispose of them, he explained.

A realtor at the Sanggye-tong apartment complex in northern Seoul said apartment prices have slid 1 to 5 million won since the announcement of the real-name system plan. "I think the real estate market will suffer a sell-off very soon," he commented.

A broker in Taechi-tong south of the Han River said the number of people seeking to buy a flat had fallen from some 10 a day before the real-name system announcement to three to four now. Potential buyers appear to be waiting for a further decline in apartment prices.

Song Min-ku, 28, a realtor operating at the Yoido apartment complex, said, "the real-name system announcement has widened the gap between bid and offer prices so greatly that no deals are being struck, and the market is suffering an unprecedented slump."

Difficulties in Financial Deregulation Noted

SK1101023195 Seoul THE KOREA TIMES in English 11 Jan 95 p 9

[By staff reporter Cho Chae-hyon]

[FBIS Transcribed Text] Despite their repeated pledges to pursue financial deregulation, regulators are still resorting to window guidance when banks try to increase lending rates.

What financial authorities are doing is different from what they have said about banks' autonomy in setting interest rates. They are at times back-pedalling from their commitment to furthering financial market liberalization.

In the latest evidence that window guidance dies hard, financial authorities have put the brake on some banks' bids to increase their lending rates.

Under the implementation of the second part of interest rate deregulation program in November 1993, banks were set free in setting prime lending rates. But no bank sets its own prime lending rates, a benchmark rate determining other household and corporate lending rates. Before adjusting their prime lending rates, commercial banks must get the "nod" from the central bank although there is no rule making it mandatory that banks get its oral approval.

Seoul-based commercial banks have recently asked the ROK to allow them to increase their prime lending rates by 0.25-0.5 percentage points, claiming that they are suffering from too thin or even reverse margins due to "low" lending rates.

The Commercial Bank of Korea and the Bank of Seoul whose prime lending rates are 9 percent have sought the central bank approval for an increase of their lending rates by about 0.25 percentage points, but they had to shelve their plans because regulators opposed it, a bank executive who wanted to remain anonymous said.

Hanil Bank and the Korea First Bank raised their prime lending rates from 8.75 percent to 9 percent Monday and Tuesday, respectively, after getting the nod from the central bank. Accordingly, interest rates on household loans rose from 10.25-12.25 percent to 10.5-12.5 percent at these banks. And interest rates on corporate loans increased from 8.75-11.5 percent to 9-11.75 percent. Chohung Bank and Shinhan Bank also are expected to follow suit soon.

In addition, most banks are seeing to increase interest rates on trust loans, which at present hover around 12.5 percent. Having raised lending rates on household loans extended from bank accounts to 12.5 percent late last year, banks also sought to increase trust loan rates from the current 12.5 percent by about 1 percentage point but failed to do so because of the finance ministry's strong opposition.

Banks say they need to increase trust loan rates because they are paying higher rates on deposits in trust accounts than in bank accounts.

Whether or not they will be able to increase already liberalized lending rates on trust loans is entirely up to not the banks themselves but banking regulators at the Ministry of Finance and Economy.

"Increasing lending rates is being regarded as 'something bad' in the Korean banking community regardless of whether banks are suffering from reverse margins or not. If banks continue to be obligated to read regulators' minds before setting policies, what is the meaning of financial liberalization? said a bank official.

In response to such allegation, a central bank official said, "We do not exert an influence on banks when they adjust liberalized interest rates. It is entirely up to them."

However, there seems to be few banks which believe they are free in setting "liberalized" lending rates. "It is a well-known secret that commercial banks seek approval before they increase lending rates," a Shinhan Bank official said.

He and other bank official said they need to increase overdraft lending rates, setting special lending rates when corporate borrowers exhaust about 40-50 percent of their overdraft lending quotas.

Financial authorities are showing a negative reaction to their move to increase overdraft lending rates, they said.

A Chohung Bank official said, "Banks try to read regulators' minds and regulators are still reluctant to let banks alone. This should be regarded as something inevitable which occurs in the transition from financial restriction to liberalization.

Ministry Plans Basic Tariff Rates Overhaul

SK1001053195 Seoul THE KOREA HERALD in English 10 Jan 95 p 8

[FBIS Transcribed Text] The Ministry of Finance and Economy, with its strengthened macroeconomic function, will accelerate the government's fiscal, financial and taxational reforms this year, while stepping up its external economic cooperation efforts.

To keep abreast with the new World Trade Organization (WTO) system, it will gradually reduce various tax breaks for industries and readjust tax rates accordingly. The ministry will also overhaul the basic tariff rates taking into account each industry's international competitiveness as well as the WTO's concessionary tariff rates, and readjust commodity classification system to suit the new international convention.

To protect domestic industries from unfair foreign competition, it will effectively use antidumping duties and special safeguard tariff schemes.

In accelerating the financial reform, it will complete the third phase of interest rate deregulation that will free all rates except for those of demand deposits this year, one year earlier than originally scheduled.

It will improve credit controls on the nation's 10 largest chaebols, the family-controlled conglomerates, by discontinuing its approval on their investments.

The ministry will allow large financial institutions, including banks, to expand even further and enter into securities and insurance businesses by setting up affiliates, while inducing smaller institutions to specialize.

Financial futures trading will be introduced in the domestic industry to help familiarize it with up-to-date financial techniques.

Firms will be given much greater freedom to borrow funds from overseas, as well as to channel domestic capital abroad by investing either in foreign stocks or properties.

These are among the highlights of the ministry's administrative plans for 1995, reported to President Kim Yong-sam by Minister of Finance and Economy Hong Chae-hyong yesterday. Prior to the administrative reporting, Hong, also a deputy prime minister, briefed President Kim about this year's overall economic management plan.

The government will raise the threshold on investments in the domestic stock market by foreigners, from the present 13 percent to 15 percent, while allowing international financial organizations to issue won bonds here, according to the MFE plan.

To help finance the businesses' investments in plants and equipment, the facility loans will be expanded to 13 trillion won ($16.4 billion), and their direct financing at securities and bonds market will be increased to between 29 trillion won and 33 trillion won, it said.

Touching on external economic cooperation, Hong said, that the government will begin discussions in earnest with the Organization for Economic Cooperation and Development (OECD), of which it is aspiring to be a member by 1996.

It will decide whether to accept the OECD's requirements in such areas as finance, environment and consumer policy, and set up a liaison office in Paris to prepare for full-scale consultation.

The ministry will also gear up for follow-up negotiations of the World Trade Organization in such service areas as finance, basic telecommunications, shipping and manpower movement, it said. In particular, the government will keep itself alert for the launch of the dispute settlement body of the new global trade watchdog.

To support domestic companies' advance abroad, the ministry will expand its EDCF (Economic Development and Cooperation Fund) to 3.4 trillion won this year from the 2.6 trillion won in 1994, and financing for deferred-payment exports from $130 million to $300 million.

On relations between South and North Korea, the government will work out detailed systematic devices for reinvigorating inter-Korean economic exchanges and measures related with building a light-water reactor for North Korea.

For effective stabilization of prices under a full local autonomy, the ministry is considering the introduction of a "monitoring system" of regional prices.

It will also push ahead with the privatization of major state-run corporations, including the Korea Gas Corp., Korea Heavy Industries and Construction Co. and the Citizens National Bank, this year.

Korean Customs Services, the customs administration under the MFE's umbrella, will complete a full on-line system of customs clearance, in which exporters, banks and tariff accountants are linked in the EDI (electronic data interchange) networks.

Unified Commodities, Futures Exchange Considered

SK1001074595 Seoul THE KOREA TIMES in English 10 Jan 95 p 9

[FBIS Transcribed Text] The government is moving to establish a unified exchange where both commodities and financial futures contracts are traded.

An official of the Ministry of Finance and Economy [MFE] said before June this year, the government will complete legislation that will pave the way for the creation of the futures exchange.

If the legislation is passed according to the schedule, the futures exchange will be set in operation in the early 1996, he added.

The official did not exclude the possibility that two separate futures exchanges for trading commodities and financial futures contracts may be established. He added that the Ministry of Finance and Economy will consult with the Ministry of Trade, Industry and Energy, the Ministry of Agriculture, Fisheries and Forestry and the Office of Supply before finalizing the format of the futures exchange.

The MFE official said, "It is our view that the futures exchange should deal in both financial and commodities products." Accordingly, there will be one supervisory body that will oversee the trading, he added.

Initially, currency and interest futures contracts will be traded and the Korea Stock Exchange [KSE] will be the only exchange to deal in stock index futures contracts, he said. But when the futures market matures, the government will consider the trading of stock index futures both at the KSE and the Korea Futures Exchange (KFE).

Before the merger of the Finance Ministry and the Economic Planning Board, both sides were unable to narrow their differences over the format of the futures exchange and decided to establish separate exchanges.

Central Bank Sets 1995 Money Growth Target

SK1001075495 Seoul THE KOREA TIMES in English 10 Jan 95 p 9

[By staff reporter Cho Chae-hyon]

[FBIS Transcribed Text] Indicating it will keep a tighter lid on money supply this year, the Bank of Korea said yesterday it has set its money growth target for 1995 at 12-16 percent, lower than the 14-17 percent goal set in 1994.

The central bank sets its year-on-year money growth goal after considering expected growth in the gross national product, consumer price index, and other economic variables.

The central bank's lower money growth target this year is in line with the government's economic policy to emphasize stability over expansion. Economic ministers yesterday told President Kim Yong-sam that they will adjust controls on the economy so that it grows 7 percent and so that inflation is curbed at around 5 percent.

Kim Won-tae, director of monetary policy department at the BOK, said, "The central bank's monetary policy will be to place priority on checking inflation. This year's money supply growth target will be lower than last year but the target bank will be widened in order to flexibly cope with changes in the market including market opening and capital flow liberation."

Kim said the central bank will make efforts to have total money supply growth, as measured by M2, stay in the lower part of the target band of 12-16 percent. M2 includes currency circulating outside banks, and time, and demand deposits with banks.

If M2 grows 12-16 percent this year over the year before, an additional 15.6-20.8 trillion won will be supplied this year, the central bank said.

For January, the central bank said its monthly target has been set at 19 percent because of the usually high fund demand around the lunar New Year holidays which will fall at the end of this month. If M2 grows 19 percent, about two trillion won will be supplied this month. It plans to release about 2.5 trillion won during about 10 days before the lunar New Year holidays.

Kim said the fund situation in the money market will continue to be tight in the first few months of the year if corporate facility investment and private consumption show no signs of cooling down.

In 1994, the total money supply grew 15.7 percent or 16,054.3 billion won over 1993 to 118,633 billion won on a monthly outstanding average basis. The central bank said M2 grew 17.7 percent in December, well above the yearly target of 14-17 percent. Whether or not the central bank has met its yearly money target is decided by monthly M2 growth figure in December of every year. As reasons for its failure to meet the target, the central bank cited the higher-than-expected fund demand in the second half of the year, stemming from strong economic activities and an over-heated individual investment in stocks which caused a massive outflow of funds from banks and pulled up M2 figures.

The central bank has never met its yearly monetary target for whatever reason. It is questionable therefore whether the central bank will be able to meet its monetary target this year, given the continuing bullish economy and the unabated consumption. The central bank however expressed a strong determination to meet its monetary target in 1995. "The BOK has for a long time failed to meet its monetary target. But this year, we will make every effort to keep the money growth within the target band," Kim of the BOK said.

In order to modernize its monetary control procedures, the central bank indicated that it will keep lowering banks' policy loan quotas. The BOK will allow lower quotas to those banks which it regards as having recklessly extended household loans and invested too much in securities. The central bank also said it will link interest rates of RPs (repurchase agreements) and monetary stabilization bonds (MSBs) to market interest rates. It raised issuing rates of MSBs from the 12 percent last year to 13.5 percent per annum yesterday.

What is casting a shadow over the central bank's monetary policy is how much foreign money will flow in this year. The prevailing perception among experts is the foreign money inflow will be larger this year than last year. Last year, the foreign sector supplied a total of 2,830 billion won, compared to 5,397 billion won in 1993. Private economic institutions predict that foreign money inflow will top about 100 million dollars, which will account for about 40-50 percent of the total money to be supplied this year. However, the BOK said as long as foreign money inflow does not widely fluctuate, it will refrain from abruptly tightening its reins. The central bank said the foreign money inflow is unlikely to widely fluctuate this year considering international investors' recent investment patterns.

As for interest rate trends, the central bank said if corporate facilities investment remains heated, it is highly probable they will continue their upward movement.

Increasing Agricultural Competitiveness Studied

SK1001074695 Seoul THE KOREA TIMES in English 10 Jan 95 p 8

[FBIS Transcribed Text] A comprehensive package of steps will be implemented to nurture the competitiveness of farmers and help promote exports of agriculture, forestry and fisheries products, Minister of Agriculture, Forestry and Fisheries Choe In-ki said in his New Year report to President Kim Yong-sam yesterday. Like corporate entrepreneurs, farmers will have to get ready for an era of unbounded global competition prompted by the launching of the World Trade Organization (WTO), Choe said.

To promote shipment of primary products, the government will endeavor to help farmers explore overseas markets and develop promising export products, Choe reported. According to the report, exports of traditional processed foods are projected at 200 million dollars this year. To this end, processed food producers will be encouraged to actively take part in international food fairs.

To help reduce risks arising from exports, the export insurance system will be applied to eight products including apples, pears and pork, Choe said, adding that an extensive information network will be established to provide farmers and processed food producers with information on overseas markets.

Choe reported that the government will invest 1.9 trillion won this year in enhancing the competitiveness of rice, the major income earner in the rural community. Investment plans for rice include 663 billion won for the revamping of rice paddies, 320 billion won for the development of underground water and irrigation facilities, 280 billion won for the expansion of rice farming scales, and 235 billion won for the fostering of "professional farmers." Simultaneously, rules of origin became mandatory for rice, a three- times-a-day staple for Koreans, effective from Jan. 1, to help enhance awareness about quality rice, Minister Choe said.

Choe reported that 25,000 households will be selected to spearhead primary industry and they will benefit from increased government subsidies. Of the 25,000 households, 10,000 will be in rice farming, 3,000 in livestock breeding and 2,000 in floriculture.

Choe said the government will also take steps to head off the massive influx of cheap foreign agricultural products, expected with the establishment of the WTO. Specifically, the government will regulate importing dates of foreign agricultural goods so domestic farmers won't be affected by imports, he said.

Government Plans Food, Drug Control Agency

SK1001074895 Seoul THE KOREA TIMES in English 10 Jan 95 p 8

[By staff reporter Kim Chang-yong]

[FBIS Transcribed Text] A strong food and drug control agency will be established this year to check local products of inferior quality and the influx of cheap but poor imports. Budgets, manpower and technology will be increased for the effective design, construction supervision and management of bridges, subways, airports and other public facilities. Administrative surveillance will be stepped up on the behavior of large conglomerates, especially with regard to their discrimination against non- affiliated companies and mistreatment of subcontractors. These are some of the highlights in this year's business plan of the giant Ministry of Finance and Economy which its minister reported to President Kim Yong-sam yesterday.

Deputy Premier-Minister of Finance and Economy Hong Chae-hyong said that the priority of his ministry's policy would be put on stabilization of land and commodity prices. "The administration will seek economic stability before it boosts business activity as this could trigger inflation," he declared. "The money supply will swell about 15.6 percent on a yearly average, below the 17-some percent registered last month." This year's target for price rises is set at 5-5.5 percent, compared with last year's 5.6 percent.

Economic growth will not be, however, sacrificed; gross national product, the sum of total value added and a key macroeconomic indictor, will increase at 7 percent, per-capita income will reach 10,000 dollars and exports will be worth over 100 billion dollars. Yet imports will outgrow exports to result in a current account deficit of 4-7 billion dollars. Expecting the local currency to appreciate at a "moderate" pace with the growing inflow of foreign capital, he promised to keep interest rates at around 14 percent per annum with the stringent financial policy.

Efforts will also be made to enhance the quality of life "commensurate with economic development." By revamping existing organizations,the administration will set up a Korean version of the Food and Drug Administration of the United States which will strictly control the quality of domestic and foreign products. The agency, when established, will examine the safety of health items such as foodstuffs and medicines and root out inferior goods, ministry officials said. "Without this sort of agency," Choe Chong- chan, director general for economic policy, "We cannot check the cheap but poor imports which are already flooding the local market."

Safety will also be strengthened at public facilities from the designing stage to maintaining them. To this end, financial, personnel and technological assistance from the central administration will be increased sharply. Stated the deputy prime minister, "The priority of policies in social welfare, medical services and insurance as well as public works will be shifted from the protection of supplies to protection of users. Disputes, if any, that affect the lives of the general public will be arbitrated from the viewpoint of consumer-first."

In the "first year of globalization," the public sector will become more service-oriented, cost-efficient and regulation-free to give the private sector the initiative. The need for approval of new investment by the nation's top 10 groups will be abolished soon.

KNTC Reports Average Spending of Travelers

SK1001060395 Seoul YONHAP in English 0511 GMT 10 Jan 95

[FBIS Transcribed Text] Seoul, Jan. 10 (YONHAP)—The average South Korean spent 1,840, 000 won (about 2,330 U.S. dollars) while traveling abroad last year, up 26 percent from 1993, the Korea National Tourism Corporation (KNTC) said Tuesday.

The KNTC questioned 1,744 people who traveled overseas last year and found out that 4.5 percent spent more than 5 million won per person for one trip and that 3.3 percent paid between 4,000,000 and 4,990,000 won in travel expenses.

Some 9.8 percent said their travel expenses per person reached between 3,000,000 and 3,990,000 won while 20.2 percent spent 2,000, 000 to 2,990,000 won. Furthermore, 34.4 percent said they spent 1,000,000 to 1,990,000 won per person while traveling and 28 percent spent less than 1 million won.

Air fare claimed the largest share of the average expense at 690,000 won, followed by hotel charges with 480,000 won. Korean tourists overseas spent 330,000 won for shopping per person, while paying 250,000 won for food and beverage.

Travelers preferred European countries as future destinations.

Some 37.3 percent wanted to go to Europe, while 20.9 percent hoped to take a trip to oceanic islands. In addition, 19.2 percent said they wish to travel to North America and 12.9 percent preferred Asia.

South American and Caribbean countries were preferred by 4.6 percent, followed by Africa which claimed 4.1 percent.

Some 41.8 percent of South Korean visitors stayed in Japan more than one day, and 19.3 percent spent more than one day in the United States. Thailand claimed 12.8 percent of Korean travelers, followed by China with 10.7 percent.

Brunei, Malaysia & Singapore

Malaysia

Mahathir Interviewed on East Asia Roles, Future

OW1001062095 Tokyo TOKYO SHIMBUN in Japanese 1 Jan 95 Morning Edition p 7

[Interview with Prime Minister Mahathir Mohamed by TOKYO SHIMBUN managing editor Takeshi Sato in Kuala Lumpur on 31 December]

[FBIS Translated Text] Kuala Lumpur, 31 Dec—The following is an interview with Malaysian Prime Minister Mahathir.

[Sato] What do you think Asia will be like in the 21st century?

[Mahathir] Asia is capable of playing the same role as Europe and America are. The three continents should be treated equally without discrimination in the international community. The dominance of two continents by one continent should not occur.

[Sato] Mr. Prime Minister, you have advocated creating the East Asia Economic Caucus (EAEC). What is the aim of the EAEC?

[Mahathir] What I have been emphasizing is that the EAEC should be a forum where Asian nations discuss their common issues instead of evolving into a trade block like the European Union (EU) and the North American Free Trade Agreement (NAFTA). The EAEC has two objectives. One is to contribute to maintaining the global free trade system and the other is to discuss ways to provide assistance to developing countries in East Asia.

The United States, Canada, and Mexico are member nations of the Asia-Pacific Economic Cooperation (APEC) forum as well as member nations of NAFTA. There is no reason that member nations of the EAEC cannot be admitted to APEC. No confrontation exists between the APEC and the EAEC.

[Sato] Do you expect Japan to join the EAEC?

[Mahathir] Japan will be able to join the EAEC as a member nation while retaining its membership in the APEC. Japan will have to awaken to the fact that it is a member of East Asia, the Pacific Rim region, and the international community. Japan is supposed to be able to play all those roles.

[Sato] Do you mean that Japan's future lies in Asia?

[Mahathir] No, I do not mean that. Japan will have to build new relations with East Asia, which are on a par with its relations with the United States and Europe. For now, however, Japan appears to make light of relations with Asia and place them lower than relations with the United States.

[Sato] You told Prime Minister Murayama during the latter's visit to Malaysia that "Japan should not continue to apologize for the past war." Would you elaborate on why you made that remark?

[Mahathir] When the Japanese committed atrocities in the Asian region, Germans, Italians and Russians also perpetrated the same atrocities. The Russians, Germans and Italians have never apologized to the Jews, Ethiopians, and Poles for what they did to them. I cannot understand why only Japan should apologize. The time for apology is over. Japan should normalize relations with Asian nations. Relations between Japan and other Asian nations should be normal ones between independent nations.

Japan's Constitution was written as the United States instructed, but the situation has changed. Japan is no longer a sinful nation. Japan is a nation that bears great responsibilities to the world as well as Asia.

[Sato] Japan is considering joining the UN Security Council as a permanent member. Does Japan need to take part in the UN Peacekeeing Operations (PKO) as a prerequisite for joining the UN Security Council?

[Mahathir] Yes, Japan should participate in the PKO before it joins the UN Security Council as a permanent member. Japan needs to make a distinction between the dispatch of military personnel for peacekeeping purposes and the dispatch of military personnel for the purpose of conquering other nations. The dispatch of military personnel for peacekeeping purpose is not getting involved in war, but getting involved in preventing war. Japan has to accept any offer to dispatch troops for peacekeeping purposes in order to join the UN Security Council as a permanent member. The dispatch of such troops is not incompatible with the feelings of the Japanese people.

[Sato] You have said that Asia does not need the presence of the U.S. military for its security. Would you elaborate on your comment?

[Mahathir] The position that Asia needs the presence of the U.S. military is based on an assumption that some enemies exist somewhere in Asia. In the past, the United States said that Malaysia's enemy would be China or Japan. I do not share the U.S. view. Perhaps, the United States is telling Japan that China will be its potential adversary and China that Japan will be its potential adversary. I believe this attitude of the United States is causing tense relations between major Asian powers.

[Sato] Will do you think China poses a military threat to other Asian nations? Do you think military tensions in the region will be defused through dialogue?

[Mahathir] I believe that the military tensions will be defused through dialogue. My view is that there is no victor in war. I believe that even if a small conflict occurs in Asia, it can be resolved by the mediation of the international community.

[Sato] Your Look East Policy is well known. Will you continue to look to Japan to carry it out?

[Mahathir] There is no change in our policy to use Japan as a model for developing Malaysia. I intend to study how to develop Malaysia in the future.

[Sato] Will you attend the informal APEC summit to be held in Osaka this year?

[Mahathir] Nations attending the informal summit need to discuss a draft declaration before it is released. At the past two summits, no such discussions were held and draft declarations were released after being adopted without our participation in discussions. I would attend the Osaka informal summit if Malaysia were permitted to participate in the drafting process of a declaration.

[Sato] What are your messages to Japan?

[Mahathir] Japan should stop endlessly feeling a sense of guilt. It should behave just like other normal nations. Japan needs to play its role in the world as an economic power. Japan has a lot of things to contribute to the world. The Japanese should realize that they are citizens responsible to the world.

Minister Meets Russian Envoy, Discusses Chechnya

BK1101081695 Kuala Lumpur UTUSAN MALAYSIA in Malay 11 Jan 95 p 2

[Report by Ismail Daud]

[FBIS Translated Text] Kuala Lumpur, 10 Jan—Malaysia today formally voiced its sadness over the ongoing crisis in Chechnya, which is causing hardship for the people. It has urged all parties involved to seek an amicable settlement to restore peace in the republic immediately.

Foreign Minister Datuk Abdullah Badawi expressed this view when he met Russian Ambassador to Malaysia Vitaliy Vorobyev in Kuala Lumpur today. The meeting took place at the Foreign Affairs Ministry and lasted 30 minutes.

Following the meeting, Datuk Abdullah told journalists: "I appealed to all parties to halt all actions that are causing civilian deaths and property damage. The best way to resolve the conflict in Chechnya is for all parties to seek a peaceful settlement without the use of military force."

He said Malaysia fully understands that the Chechen sovereignty crisis is Russia's domestic problem, but Malaysia is very sad to see many people being killed and lots of public property damaged.

He said Vorobyev acknowledged that what is happening in Chechnya has drawn attention from all Malaysians.

"This can be seen by the staging of protest demonstrations and the protest notes recently sent to the Russian Embassy by nongovernmental organizations and university students," he said.

Abdullah added that Vorobyev thanked Malaysia for its concern over the crisis and promised to forward Malaysia's proposal to the authorities in his country.

Responding to journalists' questions, Abdullah reiterated that the crisis in Chechnya is not an Islamic issue because the Chechen people beingg killed in the fighting belong to various religions.

Commenting on the latest report that the attacks on Chechnya have been halted, Abdullah said Malaysia hopes this is aimed at seeking a speedy settlement to the crisis.

Official Views ASEAN, Regional Security

BK1101113295 Bangkok THE NATION in English 11 Jan 95 p A6

["Excerpts" of an interview with Tan Sri Ahmad Kamil Jaafar, Foreign Ministry permanent secretary, by Kunlachada Chaiphiphat and Yindi Loetcharoenchok "over the weekend"; place not given]

[FBIS Transcribed Text] **What is Malaysian view of the security in Southeast Asia?**

We (Asean) are very encouraged by the development in our own region. I think if we can continue to promote the kind of situation we have here, we can look forward to a peaceful and prosperous Southeast Asia. Vietnam will soon become a member of Asean. Laos and Vietnam have signed the Treaty of Amity and Cooperation, and Cambodia has asked to accede to the treaty. Sooner or later Burma will also move towards signing the Treaty of Amity. Eventually all the countries in the region will become members of Asean. This is our objective. The Bangkok Declaration (issued at the inception of Asean) for example talks about all the countries in Southeast Asia becoming members of Asean.

Asean constructive engagement with Burma has to some extent produced results, for example there is movement in Burma itself, not only politically but also economically. We certainly hope that the movement towards reform in both areas, both political and economic, will move at an even faster rate or pace. In the beginning when Asean put forward the philosophy of constructive engagement, there were a lot of cynics particularly in the West. But people are changing now because there is a culture in Asean—in Southeast Asia—which not many of our western friends understand, but they are beginning to learn from us to deal with our own region. For example, Australia has already changed its position. They no longer believe in sanctions or isolation of Burma. The United States has sent a delegation to Burma, so to some extent Asean has influenced the movement or the perception of our friends in the West. Looking at Southeast Asia as a whole I am very very encouraged.

But while there is a general consensus that peace and security has prevailed in Southeast Asia to a certain

extent, some countries in the region are still concerned with some regional flashpoints or potential areas of conflict.

Well, I would not say there are flashpoints. There is perhaps one flashpoint, the South China Sea. But the Manila Declaration has talked about resolving all issues relating to the South China Sea through negotiations without the threat or the use of force. We will pursue this line with our friends.

True, there is a problem in Cambodia, but I think this problem is not insurmountable. I think if the Cambodian government is given some help or assistance in combatting the insurgency of the Khmer Rouge, that problem would be out of the way—or out of our way very soon.

Some Asean countries have expressed concern that political instability in Burma could escalate into a regional conflict?

I do not see Burma as a potential conflict area. Sure, there is an internal conflict, but I doubt if it will reach that point, because in the end if Burma moves toward reform and resolve problems with its ethnic minority groups, it cannot be worse than it is today. It can only improve. At least the authorities in Burma are thinking in terms of how to bring the various groups together in the kind of national reconciliation. It may take time. In Malaysia, for example, it took us many years before we put different ethnic, groups, different communities together. It will take many years, but it is the only road.

What would be the criteria for Burma to become a member of Asean? It seems that Burma might be the last country to join the grouping. Does Asean have any timeframe for Burma to become a member?

We have no timeframe for Burma or for any country. It is up to them to decide whether they want to join Asean. Once they decide to join Asean, they must subscribe to the criteria of membership of Asean and Asean will look at it together. When we signed the Bangkok Declaration setting up Asean, our vision then was that all the 10 Southeast Asian countries would join together into one grouping. That was the vision of our leaders at that time, and that vision has been followed through. Vietnam, Laos and Cambodia now moving toward that.

Will the criteria for all new members be the same?

I think as we evolve, it may change. We are already thinking of Asean Free Trade Area (Afta). How soon and how fast Laos and Cambodia can subscribe to Afta would be something that we must look at. Maybe we can talk in terms of partial acceptance or partial subscription to the principles of Afta. You cannot, I think, by one stroke of a pen open up Laos, because Laos needs a lot of help. Laos is very far behind if you compare the country to other Asean countries. There must be a philosophy which allows for give and take. Asean should not be rigid in applying rules and criteria.

In the case of Burma, does it need to have political improvement before it can apply to become a member of Asean or to accede to the Asean Treaty of Amity and Cooperation?

That is what the West wants to do, but that is not what we want to do. What happens in a country is an internal matter for that authority to handle.

So the Burmese junta or the State Law and Order Restoration Council (Slorc) could be accepted as a representative of Burmese authority by Asean, then?

If certain national policies, the movement toward reforms, if all these subscribe toward regional growth, it is fine with me. I am not going to tell Burma you do this, you do that before you join Asean. Who are we to tell anyone within this region to have the same perception of internal security, internal stability than the authority of that country itself. They must decide themselves.

How do you see China's influence in Burma and in mainland Southeast Asia, especially military influence in the region through arms deals with Burma?

If you talk about economic invasion, there is already a lot of economic invasion already in Asean. Look at the number of Japanese companies, look at the number of American companies. Look at the amount or the volume of investment in all Asean countries—perhaps not Brunei—the dominance of Japan. And certainly when China becomes a modern country and economically strong, whether you like it or not you are going to feel the influence of China just like we feel the influence of Japan. You cannot run away from it. The question now for us is how do we manage these influences. If we can manage all these influences, I think we should be all right. Just like we have been managing the influence of Japan, the United States and European Union, so long as the influence of all these external economies or countries are not negative influences.

How much has Malaysia detected the military influence of China in Burma?

Burma has got its own ordnance industry, its own defence industry which is one of the best in our region. Burma is not the only country purchasing arms and so on from China. There are many other countries. It is cheaper than the West and it is equally good. I don't see why we should not go to our close neighbours to do our shopping. In the end it was down to economic factors.

You talk about how to manage the influence of major economic powers like Japan. What will Asean look like in the year 2000? Is it necessary that Asean should grow bigger to cope with the growing influence of China?

Asean cannot get bigger than the 10 countries. There are mechanism for working toward peace, stability, security and economic growth and the Asean Regional Forum is one of the mechanisms. As long as we are managing our security, political will must underpin our economic development.

Maybe the fear of Chinese influence is not so strong at this point; what about in the next century when China turns into an economic power?

As I said it is a question of how we manage our relations. The mechanisms are there, for example the Asean Regional Forum. I don't think China wants to be irresponsible. China wants to play a constructive role, because it is also in the Chinese interests to see there is peace and a secure situation in our region. It would not be in their interests to destabilize the region.

But it seemed that from what officials have discussed in the past few days, China still causes many concerns to the regional countries, in the development of long range equipment.

Yes, we look at our region of Southeast Asia and if you look at our neighbours there are certainly moves to modernize our defence stability. We cannot tell anyone not to modernize their defence, but so long as we work, we sit down comfortably together to talk and discuss our potential issues together, I don't think China would want to do anything foolish. China does not need to do that because when it becomes economically powerful, the economic power alone will influence. We will sense the influence of China. They don't have to send their blue water navy. I would like to look at the situation in a very positive way. After the Cold War, I see a positive trend toward developing relations towards sustaining those relations, moving toward providing our neighbours with basic needs of modern society, and China is exactly doing that. As I said some years ago, now it is the situation where we must seek out friends and build on that friendship. The time to seek and identify enemies is over, I think.

There is a new concept that after World War II, China was targeted as a new emerging enemy.

I don't see China as a threat—economic or military. I would accept the possibility that we will feel the influence of China, stronger and stronger as China becomes economically powerful. But we have to engage China in a constructive relationship as we have constructive relations with the United States. We feel the power of the United States, very strong US influence because it is the only superpower at the moment and a lot of countries feel the pressure of the United States. In the old days we had a choice, but now we don't have any choice. In the old days if you didn't like the Americans, you went to the Soviet Union.

What is your opinion about the US request to find a strategic location for prepositioning its ships or equipment in the region?

I do not believe in foreign military presence. I do not subscribe to that philosophy. At the moment I see force as a threat. There is a Cold War mentality. I think we have got to change our mindset in order to take into account the reality of post-Cold War situation.

If Malaysia does not see China as a threat, what about Asean as a whole?

There are, of course, different perceptions. Each country will perceive the situation in a different way, looking at it from their own strategic considerations and national experience—and certainly six countries cannot have a one common perception. But certainly there are common grounds, open divergence of views and a number of issues where all of us have a common goal. Our common goal is peace and stability in the region.

Do you mean to say that the majority of Asean members still have strong fears of China's influence in the region?

I won't say majority. I would say some of us have a different perception from Malaysia.

Singapore

Taiwan, PRC Banks Sign Accord on Transactions

BK1101111595 Singapore Radio One in English 1100 GMT 10 Jan 95

[FBIS Transcribed Text] The first agreement in 40 years between Taiwanese and Chinese banks in Singapore took effect today. The accord was signed by the Industrial and Commercial Bank of China and Taiwan's (Chiao Tung) Bank, and it follows Taipei's easing of a ban on Taiwanese banks to deal directly with Chinese financial institutions. Five Taiwanese banks can now have direct links with Chinese banks through their overseas branches and in currencies other than the two national currencies. In Singapore, the agreement between the two banks is a general one which covers all trade transactions.

Cambodia

Ranariddh Comments on Attempt To Remove Government

BK0901114895 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 8 Jan 95 pp 1, 2

[FBIS Translated Excerpt] First Prime Minister Prince Krompreah Norodom Ranariddh told over 3,000 families at a gathering in Kansaom Ak commune, Kompong Trabek District, Prey Veng Province, on the morning of 6 January that he went to see his majesty the king at the Royal Palace at 2000 on 5 January. The king said some people had asked him "not to keep the present government any longer or too long, otherwise Cambodia would be swallowed up by Vietnam and Thailand."

The prince added his majesty said that it was not necessary to recite lessons in patriotism to him because he has long been defending Cambodia's territorial integrity, independence, and sovereignty. He himself will lead a struggle at once to wrest back any seized territory completely should anyone or any country dare invade Cambodia.

Prince Ranariddh added that those who suggested that to the king wanted to topple the current government and to head it... His majesty then said: "How can the present government be removed since the Constitution is already in existence and he is now the king of Cambodia?"

The prince emphatized that the constitution clearly defines that his majesty is the guarantor of Cambodia's national independence, sovereignty, and territorial integrity. So, if anyone threatens the independence and territorial integrity, the king, who has been defending the national interests, will come forward and lead a struggle right away. The prince did not, however, reveal "the identity of those wanting the king to remove the government."

Prince Ranariddh said from now on, Cambodia will have no problems because the two major political parties have united and the people have closely united as well. Cambodia will be more hopeful about its future and will be as prosperous and glorious as it was under the leadership of his majesty the king in the Sangkum Reas Niyum era.

The prince added that some people have now accused him of collaborating with and selling out the country to Vietnam... drawn him wearing a cone-shaped hat... "Those who are good at insulting and criticizing me are worthless. They do nothing except write articles to criticize the government."

Analysts foresaw this since the end of 1994.

Second Prime Minister Samdech Hun Sen said in Sihanoukville last week that in his capacity as prime minister [title a published] and co-commander in chief of the Khmer Royal Armed Forces, he categorically opposes and will at all costs punish anyone who attempts to destroy the constitution through either violent or nonviolent means. He urged officers and troops to understand this. Prince Krompreah Norodom Ranariddh, Samdech Hun Sen did not elaborate on the attempt. [passage omitted dealing with the distribution of aid to villagers]

Commentary Hails Government's Economic Success

BK1001141995 Phhom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 9 Jan 95

[Station commentary: "Undeniable Success"]

[FBIS Translated Text] According to the Royal Government of Cambodia [RGC] political platform presented to the National Assembly by First Prime Minister Prince Krompreah Norodom Ranariddh on 29 October 1993, the goal of the RGC's macroeconomic management is economic (?development) and restoration and national rehabilitation.

In 1994, the RGC managed to control inflation and build firm foundations for economic growth. It succeeded in reducing inflation to its lowest level, enacting measures to stabilize the riel, and bringing the market exchange rates between the riel and foreign currencies very close to the official rates.

It should be noted that the RGC's pledges to the National Assembly were definitely fulfilled in the past year.

A report from the Economy and Finance Ministry's Statistics Department says prices in 1994 rose an average of 19.6 percent compared with the beginning of the year. If the increase in the price of rice is excluded, the inflation rate was only 7.2 percent. Moreover, the exchange rate between the dollar and the riel rose an average of 5 percent.

Last year, the increase in the price of commodities and food was higher than that of other goods—about 23.2 percent. The price of fabric and garments increased by about 15.9 percent, school equipment by about 14.3 percent, and power about 1.4 percent. The increase in the price of other goods such as beverages, cigarettes, and services was only marginal, up 2.2 percent compared with the beginning of the year. The exchange rate rose 5 percent on average, from 2,470 to 2,593 riels to the U.S. dollar.

Economic analysts say prices reached their highest level in May, July, August, September, and November 1994. This was due to the fighting in northwestern Cambodia in May that resulted in the closure of the Cambodian-Thai frontier and the failed coup attempt in July. Prices also rose significantly in August and September due to the floods that cut off bridges along National Route 5 and other supply lines and destroyed the peasants' crops. The price of agricultural produce—especially rice—also went up in November due to a drought that reduced production.

Military sources say the destruction of property and crops by (?the Khmer Rouge) also reduced the quantity of goods in the country, thus increasing prices at the market.

In general, the average increase in prices in 1994 was only 19.6 percent. If the price of rice was stable, however, inflation would only be 7.2 percent. This is in line with the goal set at the beginning of the year. This is a success that cannot be denied. It was achieved with a high sense of responsibility by Prince Krompreah Norodom Ranariddh and Samdech Hun Sen, respectively first and second prime ministers, and the entire RGC cabinet. This success will certainly be conducive to the constant progress of the Kingdom of Cambodia.

237 Khmer Rouge Reportedly Defect in Siem Reap

BK1001054295 Phnom Penh AKP in French 0400 GMT 10 Jan 95

[FBIS Translated Text] Phnom Penh 10 Jan (AKP)—Two hundred and thirty-seven Khmer Rouge soldiers reported themselves to the authorities of Siem Reap-Oddar Meanchey Province during the first five days of January. The rebels also brought 210 weapons with them.

In 1994 the province welcomed more than 1,440 ex-Khmer Rouge soldiers defecting mostly from Divisions 910 and 980. In December alone more than 1,000 Polpotists rejoined the national fold, handing in more than 900 weapons to the local authorities. All over the country these [words indistinct] persons who rallied to the government brought in more than 2,000 weapons.

The amnesty offered to the Khmer Rouge will be maintained until 15 January. "Our tolerance toward people involved in guerrilla warfare will not last long. After 15 January, those who continue to live with the Khmer Rouge must bear their own responsibility," declared Prince Krompreah Norodom Ranariddh and Samdech Hun Sen, first and second prime ministers of the Royal Government, in their recent appeal to the Khmer Rouge.

KR 'Cabinet' Meets, Stresses Need To End War

BK1101104295 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 9 Jan 95

["Press Communique" issued by the Secretariat of the Provisional Government of National Union and National Salvation Cabinet on 9 January; place not given]

[FBIS Translated Text] The Provisional Government of National Union and National Salvation [PGNUNS] Cabinet held its weekly working session on Monday, 9 January, under the chairmanship of His Excellency Khieu Samphan, prime minister and minister of the National Army, and with the participation of all its members.

I. After discussing the reports presented by the ministries in detail and from all angles, the cabinet clearly noted that the national and people's forces that are opposed to war and demand national reconciliation and genuine peace are growing stronger and more powerful.

In the countryside, the 7 million fraternal peasants—who are full of national hatred and are indignant at their way of life for the past 16-odd years—are uniting even more actively to smash and sweep away the civilian administrators of the communist Vietnamese puppets in the villages and communes, the chief henchmen of communist Vietnam and the two-headed government. In Phnom Penh and the provinces, the fraternal students and officials have conducted all forms of struggle and repeatedly demanded national reconciliation, national concord, and an end to the war. Our brothers living overseas have also joined hands in the struggle against war, to oppose the granting of military aid to the two-headed government, and to demand genuine national reconciliation and peace.

Our entire Cambodian nation and people do not want to continue fighting the war. The communist Vietnamese aggressors' war of genocide over the past 16-odd years has drained the blood of our Cambodian nation and people and wreaked endless havoc and suffering upon them. As a consequence of this extremely devastating war, more than 4 million ethnic Vietnamese are swallowing up Cambodia by all means and in every field. Tens of thousands of square kilometers of Cambodian waters, land, seas, and islands have been annexed by communist Vietnam. Normally bounteous—rich with rice, fish, and meat for consumption all year round—Cambodia is now experiencing a famine unprecedented in its history. Millions of Cambodians in the countryside and in Phnom Penh are starving and dying from hunger. Cambodia was once independent and enjoyed sovereignty and territorial integrity; now it is being grabbed, torn apart, fought over, and expropriated by communist Vietnam, the warmongers, and foreign merchants of all stripes. This will seriously threaten the existence of our Cambodian people and race for generations to come.

II. National reconciliation, national concord, and national unification to end communist Vietnam's war of aggression once and for all and bring about genuine peace have been the earnest desire of the Cambodian nation and people from all walks of life for more than 16 years. National reconciliation, national concord, and an end to war constitute not only the profound aspiration of the Cambodian nation and people but also an urgent and vital requirement for saving and perpetuating the Cambodian nation, people, and race. Anyone with Cambodian blood flowing in his arteries wants these things. The fraternal residents of Phnom Penh want them, as do the fraternal peasants in the countryside and our brothers living abroad. Other countries and peoples near and far also want them so that they can have normal relations and trade contacts with Cambodia. Not a single person wants to see Cambodia endlessly burning in communist Vietnam's war. Only a handful of warmongering countries—communist Vietnam, the United States, Australia, and France—and their lackeys, the two-headed government, are striving hard to continue fanning the flames of war contrary to the current of humanity.

III. Experience in Cambodia over the past 16 or more years clearly shows that war cannot solve anything. Communist Vietnam sent hundreds of thousands of troops with billions of dollars in aid from the former Soviet Union and former Warsaw Pact, but it could not solve anything. It bogged down more and more each year until it was completely drained. Communist Vietnam, the alliance, and the two-headed government are now inextricably bogged down. They are being dispersed; they are collapsing and disintegrating.

Experience in other regions of the world—Bosnia, the former Soviet Union, the Middle East, Africa, and so on—clearly demonstrates the fact that war cannot solve anything. It not only destroys the Cambodian nation and people, but also makes communist Vietnam, the alliance, and the two-headed government gasp for breath. In particular it reduces FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] to nothing, allowing communist Vietnam and its puppets to seize full control of Cambodia.

Given this situation, should the alliance continue to give money and arms to the two-headed government—in reality communist Vietnam's puppet—so it can continue to ignite the communist Vietnamese aggressors' war against the will of the Cambodian nation and people and contrary to the current of humanity?

In the face of this extremely grave situation, there is only one solution—end the war and reestablish genuine peace with national reconciliation and national concord. This is the only way that the Cambodian nation and people who have suffered for the past 16-odd years can taste happiness again and have a chance to do business and farm their land to support a normal life and avoid dying of starvation. It would benefit peace and stability in the region and the world and completely conform with the current of humanity.

Monday, 9 January 1995
The Secretariat of the PGNUNS Cabinet

KR Claims Vietnam, 'Puppets' Control Country

BK1001023795 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 8 Jan 95

[Unattributed commentary: "The Occupation of Cambodia by Communist Vietnam and Its Puppets Continues To Be a Problem. How Should It Be Solved?"]

[FBIS Translated Text] The Cambodian nation and people have reiterated that the two-headed government embodies the occupation and invasion of Cambodia by communist Vietnam and its puppets. This is why they rejected the government at the onset. Actually, the two-headed government has only one head, that is, communist Vietnam and its puppets. As for FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia], it has already been disbanded. Now, the long-nosed people are beginning to realize that it is communist Vietnam and its puppets who are enjoying a monopoly of everything everywhere from Phnom Penh to all the villages. Because:

1. The government or the executive branch is in Hun Sen's hands;

2. The National Assembly or the legislative branch is under Chea Sim's control;

3. Sar Kheng controls the Ministry of Interior, Police, and National Security; he is the boss of all the provincial governors and district chiefs;

4. The National Defense Ministry is controlled by Tie Banh;

5. Sam Rangsi has been removed from the Economy and Finance Ministry, and puppet Keat Chhon has been appointed as puppet Hun Sen's servant;

6. Prince Sirivut has been replaced by puppet Ing Huot at the Foreign Ministry;

7. As for Ranariddh, he is locked up in communist Vietnam's cage and bows and scrapes as one of Hun Sen's puppets. The latter is ordering him to be a buffoon shouting to serve communist Vietnam's policy; and

8. Four million Vietnamese are nipping at Cambodia due to the occupation and control of Cambodia from the top to the bottom by Vietnamese state authorities.

Why has the situation turned out to be as such? Because UNTAC [UN Transitional Authority in Cambodia], the Western alliance, and communist Vietnam dissolved the Paris accord through which four-party national reconciliation was supposed to be achieved. They implemented their policy and strategy of preserving the Vietnamese puppet forces and stuffing FUNCINPEC into the group of communist Vietnamese. In the other words:

1. They did not control the withdrawal of all Vietnamese aggressor forces from Cambodia. They allowed the Vietnamese to enter Cambodia one after another. The Vietnamese in Cambodia now number four million.

2. They forged laws to protect the Vietnamese and the traitorous puppet regime but punished Cambodians who opposed those Vietnamese, and so on.

3. They maintained all levels of the military and civilian communist Vietnamese authorities they had installed since 1979. They allowed Vietnam and its puppets to attack resistance forces, the people, and the FUNCINPEC forces at will.

4. They did not allow the Supreme National Council to do anything.

5. After FUNCINPEC won the elections, communist Vietnam and its puppets refused to hand over power to the party. They vehemently opposed the poll results and used their forces to pressure FUNCINPEC until the two-headed government was formed.

As a matter of fact, Vietnam and its puppets still maintain their structure from top to the bottom. Therefore, the Cambodian situation so far clearly shows that the alliance has pushed FUNCINPEC to join the communist Vietnamese puppets. It is like putting a mouse into the cage of a cat. The cat has already eaten the mouse now, so what should the Western alliance do? Should it continue to embrace and allow the cat to eat other mice belonging to the long-nosed people?

As for the Cambodian nation and people, they can never allow communist Vietnam to swallow Cambodia as it did Kampuchea Kraom. They will continue to unite more firmly and fight tooth and nail to prevent the Vietnamese aggressors from annexing Cambodia until national reconciliation is achieved.

KR Commentary Views Reasons for Continuing War

BK1101082195 (Clandestine) Radio of the Provisional Government of National Union and National Salvation of Cambodia in Cambodian 1200 GMT 10 Jan 95

[Unattributed commentary: "There should be genuine national reconciliation and peace so the people can work and earn a living before they starve to death"]

[FBIS Translated Text] Communist Vietnam's war ended in 1991-1992. Cambodia should have had peace because the communist Vietnamese aggressors were defeated. On the one hand, scores of them died in Cambodia, while on the other hand there was no more aid from the Soviet Union or the Warsaw Pact, who had provided $2 billion. Communist Vietnam could not proceed any further; it had to withdraw its aggressor forces from Cambodia. Vietnam did not withdraw, however, and it has remained in Cambodia to this day. Why? What is the reason for the continuation of the communist Vietnamese regime in Cambodia?

The unanimous view among local and international opinion is that the reason communist Vietnam remains the master in Cambodia and that communist Vietnam and its puppets continue to monopolize power and behave like fascists and dictators in Cambodia is because of UNTAC [UN Transitional Authority in Cambodia] and the Western alliance. These guys are responsible for the situation. They have done everything—using military, political, diplomatic, and economic means; psychological propaganda; and financial aid—to assist the two-headed government.

To set up the two-headed government, the alliance had to spend $2 billion dollars. Once it was set up, hundreds of millions of additional dollars were needed to nurture this government. It has now been more than three years, and they have failed. The two-headed government is disintegrating. FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] has disintegrated. The two types of Para forces of U.S. puppets—both of Dien Del and Sak Sutsakhan and of Ranariddh—have been scattered and are disintegrating.

In a word, the collusion between the Western alliance and communist Vietnam has been defeated. In traders' language, it is bankrupt; it is closing up shop. Opinion among the Western alliance believes the current situation in Cambodia is leading to a fascist regime, just like during the time of the People's Republic of Cambodia under communist Vietnam. There is no democracy or human rights, just corruption and insecurity. There is only banditry, murder, anarchy, and confusion throughout the country. There is no security. Even the Phnom Penh embassies of the United States, Australia, and France—the masters of the two-headed government—are trembling. They have closed off roads and shut their front and back doors. What are they afraid of? It is not the Khmer Rouge, because Democratic Kampuchea is far away. These guys are afraid of being robbed, murdered, and having their throats slashed by their guards; by the police and troops of the two-headed government, the puppet of communist Vietnam; and by communist Vietnam's sappers.

What are the causes of the situation in which communist Vietnam is monopolizing power and behaving like a fascist, which makes Gareth Evans, John Holloway, [words indistinct] cry so loud? Who has caused this? The Khmer Rouge? His majesty the king? The Cambodian nation and people? No, certainly not. Democratic Kampuchea, the king, and the Cambodian nation and people want national reconciliation, national union, and peace in Cambodia. Whenever the king has said something about national reconciliation, he has been silenced. When Democratic Kampuchea and the Cambodian nation and people demanded the implementation of the Paris agreement and national reconciliation, Democratic Kampuchea was attacked.

UNTAC and the Western alliance killed the Paris agreement. Things were done disparately. The rat was put the cat's cage and FUNCINPEC was put in the iron cage of communist Vietnam. Now (?the cat) wants to eat the rat and is even threatening to bite the alliance's head. These guys have been done in by their own act. The situation is serious; it is already a bit late. Yet there is still a way out—the path of genuine national reconciliation and peace so that the people can have peace and time to earn a living and avoid starvation. This current is very strong. The Cambodian nation and people need this, as do the countries in the region. It is in everyone's interest.

Indonesia

East Timor Governor Comments on Upcoming Issues

Reaffirms Referendum Opposition

BK1101102095 Jakarta ANTARA in Indonesian 1147 GMT 10 Jan 95

[FBIS Translated Text] Dili, 10 Jan (ANTARA)—East Timor Provincial Governor Abilio Jose Osorio Soares has once again reiterated that the people of Indonesia's youngest province are opposed to a referendum as a way to settle differences over East Timor's integration with Indonesia.

"The East Timor people have reaffirmed their integration with the unitary Republic of Indonesia. As integration is the best alternative, the East Timor people do not want a referendum," he told reporters at his office on Tuesday afternoon.

According to him, there is no need to respond to calls for the differences on integration to be settled through a referendum although such a tendency has been visible during tripartite talks sponsored by UN Secretary General Butrus-Butrus Ghali.

"A referendum is not demanded by the East Timor people, but rather a handful of persons who claim to represent the East Timor people. The East Timor people have never questioned integration. Thus, calls for a referendum must be rejected," he stated.

He said the East Timor people do not want a division, which will simply bring about misery. A civil war which once took place in this region taught a very valuable lesson and should not recur.

The East Timor people severely suffered from the civil war that erupted after they were abandoned by the Portuguese colonialists. "We do not want the people to suffer from a tragic fate that may arise from a referendum, and the people have firmly rejected such a tendency," he said.

According to Abilio, the international settlement of the differences over the integration will depend on the "good will" of the United Nations and Portugal because the matter solely rests with them and the Indonesians, particularly the East Timor people, have no longer questioned it.

The United Nations and Portugal should be willing to respect the East Timor people's decision to integrate with Indonesia. "Facts about the East Timor people's life following integration instead of just the interests of a handful of persons should be respected," he stated.

The United Nations must honestly recognize the reality. Similarly, Portugal must be courageous enough to renounce its claim to its former colony because Portugal had in fact abandoned East Timor before the latter integrated with Indonesia.

Stresses Integration With Indonesia

BK1101103595 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 11 Jan 95

[FBIS Translated Text] East Timor Governor Abilio Jose Soares has reiterated that the East Timor people are against holding a referendum to solve the integration issue.

Speaking to journalists at his office in Dili yesterday, the governor stressed that the East Timor people have voiced their decision to be integrated with the unitary state of the Republic of Indonesia. He said integration was the best choice and in view of this the people of East Timor did not wish to hold any referendum.

According to Soares, though the UN-sponsored tripartite dialogue has suggested that the integration problem could be solved by a referendum, there is no need to respond to it.

He affirmed that the East Timor people did not want a referendum, and that only a few did and they were pursuing it in the name of all the East Timor citizens. The East Timor people have never created any problem out of the integration issue and therefore this call should be rejected.

UN Envoy Views Upcoming Timor Talks

BR1001150295 Lisbon EXPRESSO in Portuguese 7 Jan 95 p 8

[Report by Mario Robalo: "Barroso Support for the Meeting With Ali Alatas"]

[FBIS Translated Excerpt] The Indonesian foreign minister is to take a "very delicate position" at the upcoming round of talks between Lisbon and Jakarta, starting Monday [9 January] in Geneva. This is the opinion of one UN diplomatic source, who said to EXPRESSO that Ali Alatas will have to "justify the rise in military violence to the UN secretary general" that has been recorded in East Timor following the popular demonstrations last November and on the first day of this year.

The UN diplomat said that over the past few months Indonesia, "by aggravating the situation in the territory through new waves of imprisonments, domestic squabbling, and the increase of military personnel, is increasingly showing a lack of respect for commitments made with a view to creating "confidence-building measures" between the governments of the two countries." [passage omitted]

Hoping for Concrete Proposals

In the meantime three representatives of the Timorese resistance movement will meet with [Portuguese Foreign Minister] Durao Barroso in Geneva this weekend to report their positions to him before the meeting with his Indonesian counterpart early next week. The talks will be attended by Domingos Sarmento, the young man who led the occupation of the U.S. Embassy in Jakarta last November, and who has been appointed by Ramos Horta to represent the Timorese students, together with Jose Luis Guterres, who is representing FRETILIN's [Revolutionary Front for an Independent East Timor] delegation abroad, and Joao Carrascalao, leader of the UDT [Democratic Union of Timor]. Beforehand, however, they will make a proposal: The UN secretary general "must now suggest concrete measures."

For the young leader of the Timorese students, the UN secretary general "should even put forward the idea of a referendum, as he did with Morocco regarding the Western Sahara."

In the contacts that will be made until Monday with the UN diplomats, the Timorese will "make them feel the urgency (...) with which Butrus Butrus-Ghali should take on a greater leading role in this process," said Domingos Sarmento, who added that the resistance movement "is maintaining the requirement that it be a full part of the talks via the presence of Xanana Gusmao and Bishop Belo."

It may not be this time that Butrus Butrus-Ghali satisfies the wishes of the Timorese resistance movement, but the truth is that the UN secretary general will certainly question Alatas about the so-called "confidence-building measures" which Portugal and Indonesia committed themselves to developing. In this connection, the UN diplomat confirmed to EXPRESSO that "it is necessary that Jakarta first fulfill the commitments it has made—namely, demilitarization of the territory, the relaxation of social tension, free entry of humanitarian organizations, and the actual launch of an inquiry into the events of 12 November, which still has to be done." It seems that Indonesia still has a lot to do before a referendum.

Suharto Examines 'Doubts' About Free Trade

BK1101111895 Jakarta KOMPAS in Indonesian 10 Jan 95 p 20

[FBIS Translated Excerpt] Jakarta, KOMPAS—President Suharto has said that many people still have doubts about the government's decision to implement a free trade and investment system. He said some even ask whether Indonesia has accepted liberalism by adopting a free trade and investment system.

"Basic questions require basic handling to answer. Otherwise, we will be in doubt." The president said this while opening a national-level instructors course on the implementation of the Pancasila state ideology at Bogor Palace on Monday, 9 January. [passage omitted]

According to President Suharto, the people have doubts about the government's ability to achieve a free trade and investment system because of the current national situation, which is full of weaknesses and shortcomings. These doubts should be seen as a cautious and realistic attitude. It would be good to accept these doubts with open hearts.

The doubts and skepticism are based on technical and professional considerations, which in turn give rise to various technical and professional questions. The questions are related to the country's preparedness to enter the open global era.

The president said: "Let us take an example. Will our uneducated and inexperienced masses be able to face an environment of stiff competition? Can government administrators and regulations cope with the new economic order? We are not accustomed to the international laws that regulate the free trade system. This is another list of questions."

He said that other doubts are based on ideological considerations, thus posing a series of questions linking the economic deregulation and debureaucratization measures the government has introduced to moves toward capitalism or wondering whether the Indonesian nation has renounced Article 33 of the 1945 Constitution [dealing with the operation of the economy].

The president said that doubts are a sign of weakness that will certainly become a hindrance to achieving the aims that have been set collectively. Any persistent doubts within the ranks of the government officials will be even more damaging because these are institutions that cover the entire nation and people. [passage omitted]

Esso Signs Deal To Construct Natuna Project

BK1001134795 Jakarta THE JAKARTA POST in English 10 Jan 95 p 8

[FBIS Transcribed Excerpt] Jakarta (JP)—Esso Natuna Incorporation of the United States clinched a deal yesterday with the state oil firm Pertamina for the construction of a U.S.$35 billion gas liquefaction [LNG] project in Natuna, Riau.

"All parties are satisfied with results of the final negotiations on the Natuna gas liquefaction project," Pertamina's president, Faisal Abda'oe told reporters after the signing ceremony at the company's headquarters here yesterday.

The ceremony, which was attended by Minister of Mines and Energy, I.B. Sujana was also marked by the signing of four technical assistance contracts between Pertamina and domestic companies.

Under yesterday's agreement, Pertamina and Esso will each hold a 50-percent stake in the project and allocate 60 percent of their planned gas production, after the recovery of investments for the government and the remaining 40 percent for themselves, Abda'oe said

The output share for the contractor is bigger than the standard 30.70 ratio because Natuna gas contains a large portion of poisonous carbon dioxide.

Pertamina's director of production and exploration, G A.S. Nayoan, said Esso agreed to increase the government's output share if the carbon dioxide content is less than the original estimate of 71 percent.

Concerning Pertamina's 50 percent stake in the project, Abda'oa said that his company plans to sell up to 39 percent of the stake in the Natuna project to private domestic sector companies in the future.

"The main reason for the planned sale of its stake is to involve prospective investors to support the mega project," he said.

Abda'oe said that the Natuna project will be subject to tax treatment similar to that stipulated in the newly-amended tax law.

"Under the agreement, Esso Natuna Incorporation will pay a 35 percent tax on its income from the liquefaction project," he said. The tax facility includes a five percent branch distribution tax. [passage omitted]

Abda'oe did not disclose whether Esso Natuna Incorporation is entitled to the tax incentives.

Abda'oe said Esso Natuna is committed to investing $100 million a year in the initial phase of the gas liquefaction operations at Natuna—about 1,110 kilometers north of here, or 600 kilometers northeast of Singapore.

Esso has reportedly invested around $16 billion for its initial development of the gas field in the Natuna bloc since its first operations in 1980. [passage omitted]

Abda'oe said that in the first phase of the Pertamina-Esso cooperation, Esso will need at least three years to engineer and design auxiliary facilities at the Natuna field, which is designed to have a total of 18 platforms.

The platforms will include six for drilling, six for treatment (each dealing with 36 wells), two for living quarters and four for injection.

Abda'oe expected that the project, billed to be the largest concentration of gas reserves in the world, would start its initial commercial production within 10 years from now.

The project will be capable of producing up to 35 million tons of LNG per year for 20 years.

Yesterday, Pertamina also awarded four technical assistance contracts to PT [company limited] Mayumi Megakerta Sasana for operating Pertamina's old oil fields with an enhanced recovery method in Sungai Gelam, Jambi, to PT Siddhakarya Pilona Sabaku at Sabaku and Salawati, both in Irian Jaya and to PT Siddhakarya Pilona Salawati in Salawati of Irian Jaya and to PT Mayumi Megakerta Sasana in the Ramok and Senabing fields in South Sumatera.

'No Plan' To Investigate Sociopolitical Groups

BK1001024095 Jakarta ANTARA in Indonesian 1403 GMT 9 Jan 95

[FBIS Translated Excerpt] Jakarta, 9 Jan (ANTARA)—Home Affairs Minister Muhammad Yogie Suardi Memet has said there is no plan to conduct a special investigation into members of sociopolitical organizations.

"What purpose would a special investigation serve if there is nothing unusual," the home affairs minister asked reporters in Jakarta on Monday—moments before leaving his office—with regard to the pros and cons of a special investigation.

The issue came up following indications that members of the PDI [Indonesian Democratic Party] were involved with the G 30 S/PKI [30 September Movement of the Indonesian Communist Party] and after PDI General Chairwoman Megawati Sukarnoputri said that members of all sociopolitical organizations, not only the PDI, should be subjected to a special investigation.

Meanwhile, Armed Forces commander General Feisal Tanjung has said he is ready to conduct a special investigation if necessary, but the Golkar [Functional Group] and the PPP [United Development Party] see no need for a special investigation.

Harmoko, general chairman of the Golkar Central Executive Council, sees no need for a special investigation because he can guarantee that none of his cadres were involved with the movement, as can Ismail Hassan Metareum, general chairman of the PPP Central Executive Council. The PPP general chairman added that a special investigation would be costly.

The home affairs minister said that a person will be subject to a special investigation if he or she is presumed to have done something unusual. He said a special investigation is unnecessary if there is nothing unusual, adding that such special investigations have been conducted in the past.

Yogie repeatedly said the government has no plans to conduct a special investigation into the sociopolitical organizations. [passage omitted]

Laos

SRV Delegation Ends Visit; Protocol Signed

BK1001140795 Vientiane KPL in English 0912 GMT 10 Jan 95

[FBIS Transcribed Text] Vientiane, January 10 (KPL)—A high-level delegation of the Vietnamese People's Army headed by Gen. Doan Khue, Politburo member of the Communist Party of Vietnam Central Committee [CPV CC] and defence minister, returned home on the afternoon of January 9 after ending its five-day cordial visit to Laos.

The Vietnamese delegation was officially seen off at the Latsavong Hotel by Lt. Gen. Choummali Sai-gnason, Politburo member of the Lao People's Revolutionary Party Central Committee (LPRP CC) and national defence minister, deputy ministers, and other high-ranking officers.

Earlier, a cooperation protocol was signed between the two armies and the ministries of defence of both countries. The signing ceremony was organised at the Latsavong Hotel. The signatories to the document were Lieutenant Gen. Siphon Phalikhan, LPRP CC member and deputy defence minister of Laos, and Lt. Gen. Nguyen Thoi Bung, CPV CC member and deputy minister of defence of Vietnam. The signing ceremony was witnessed by Lt. Gen. Choummali Sai-gnason, Gen. Doan Khue and additional high-ranking officers from both countries.

This cordial visit of the Vietnamese People's Army to Laos will significantly contribute to the development of ties of friendship and special cooperation and fraternal relations between the two parties and between the Lao and Vietnamese people.

'Resolution' Names Official Funeral Committee

BK1101080495 Vientiane Vitthayou Hengsat Radio Network in Lao 0500 GMT 10 Jan 95

["Resolution" issued by the Political Bureau of the Lao People's Revolutionary Party Central Committee in Vientiane on 10 January]

[FBIS Translated Text] To express profound gratitude and to allow the funeral of Comrade Souphanouvong—adviser to the Lao People's Revolutionary Party [LPRP] Central Committee, former LPRP Central Committee Political Bureau member, and former president of the Lao People's Democratic Republic—to be executed in an honorable, smooth, and orderly manner, the LPRP Central Committee Political Bureau issues the following decision:

Article 1: The following comrades are appointed to the committee in charge of Comrade Souphanouvong's funeral:

1. Comrade Saman Vi-gnaket, Political Bureau member and chairman of the National Assembly, as chairman;

2. Comrade Maichantan Sengmani, Political Bureau member and chairman of the party and state Control and Inspection Board, as vice chairman;

3. Comrade Oudom Khatthi-gna, Political Bureau member and person in charge of mass work, as member;

4. Comrade Khamphoui Keoboualapha, Political Bureau member and deputy prime minister, as member;

5. Comrade Choummali Sai-gnason, Political Bureau member and national defense minister, as member;

6. Comrade Thongsing Thammavong, Political Bureau member and chairman of the party Organizations Board, as member;

7. Comrade Vongphet Saikeuyachongtoua, LPRP Central Committee member and vice chairman of the National Assembly, as member;

8. Comrade Thongsavat Khaikhamphithoun, LPRP Central Committee member and chief of the LPRP Central Committee Office, as member;

9. Comrade Phao Bounnaphon, LPRP Central Committee member and minister attached to the Prime Minister's Office, as member;

10. Comrade Somsavat Lengsavat, LPRP Central Committee member and foreign affairs minister, as member;

11. Comrade Maisouk Saisompheng, LPRP Central Committee member and chairman of the Lao Front for National Construction Central Committee, as member;

12. Comrade Boun-gnang Volachit, LPRP Central Committee member and mayor of Vientiane Municipality, as member;

13. Comrade Osakan Thammatheva, LPRP Central Committee member and minister of information and culture, as member;

14. Comrade Asang Laoli, LPRP Central Committee member and minister of the interior, as member;

15. Comrade Khamsai Souphanouvong, LPRP Central Committee member and minister of finance, as member;

16. Comrade Thongloun Sisoulit, LPRP Central Committee member and minister of labor and social welfare, as member;

17. Comrade Khampan Philavong, LPRP Central Committee member and chairman of the Federation of Lao Trade Unions Central Committee, as member;

18. Comrade Mrs. Onchan Thammavong, LPRP Central Committee member and chairman of the Federation of Lao Women's Unions, as member;

19. Comrade Chansi Phosikham, LPRP Central Committee member and governor of Luang Prabang Province, as member;

20. Comrade Thongdam Chanthaphon, LPRP Central Committee alternate member and chief of the Presidential Office, as member;

21. Comrade Lianthong Luangvilai, first secretary of the Executive Committee of the Lao People's Revolutionary Youth Union, as member.

Article 2: The committee in charge of the funeral as appointed by this decision should hold consultations; delegate clear-cut responsibilities to each comrade committee member; and provide guidance to all organizations, services, and parties concerned to implement their assignments effectively.

Article 3: This resolution becomes effective the day it is signed.

Vientiane, 10 January 1995
Khamtai Siphandon, chairman of the LPRP Central Committee, on behalf of the LPRP Central Committee Political Bureau

Philippines

* Editorial Favors Negative Reaction to GATT

95SE0059A Cotabato City THE MINDANAO CROSS in Tagalog 5 Nov 94 pp 5, 9, 11

[Editorial: "Scrap the GATT"]

[FBIS Translated Text] Economists and experts are predicting that trade worldwide will grow by 12 percent within 10 years because of GATT. A huge portion or 80 percent of the system's gross profit will go to the bigger and more prosperous nations in the northern part of this hemisphere. Studies say that GATT's member-countries including China, India, Australia, New Zealand and the whole of Africa will garner a collective earnings of up to $49 billion. But this amount is 300 percent lower than the earnings by countries such as the United States, Japan, Europe, and Russia which is estimated at $161 billion. If the still-developing and progressing nations would not really profit from GATT, what then is their alternative?

MTPDP [Medium-Term Philippine Development Plan]: UNDER GATT'S CONTROL

The Philippines has not even ratified the GATT agreement yet, but the Ramos government has already started implementing it. This is clearly manifested by the so-called MEDIUM-TERM PHILIPPINE DEVELOPMENT PLAN or Philippines 2000, a program which he has been so proud of and bragging about. This program, on the whole, follows and complies with GATT's rules and principles. President Ramos' Philippines 2000 contains export-oriented and import-dependent strategies, which means that no industrial progress will occur in our country. Instead, "industrial enclaves" will be formed in the factories for toys, garments, assembly and packaging plants, and quota processing of semi-conductors and electronics will occur. Apart from being deprived of the transfer of modern technology, these manufacturing groups will have to rely mainly on imported machines and spare parts. The KMP [Kilusang Magbubukid ng Pilipinas—Farmers Movement of the Philippines] said that there is now a lobbying effort to amend the 1991 Foreign Investments Act which would give multinational corporations a 100 percent equity in industries which they were previously prohibited from entering by the government. On top of that, there is also RA [Republic Act] 7652 which allows foreigners to lease or rent Philippine lands for 75 years. In the rural areas, land monopolies will be strengthened to support export—oriented agricultural production. Rafael Mariano of the KMP believes that production would still be slow, and modern equipment will not be introduced because foreign corporations, landlords, businessmen, and usurers will benefit more from cheap labor coming from the rural population who do not own or have insufficient land. Studies say that claims by the Ramos government and supporters of GATT that the Philippines or the poor Third World countries will benefit from this free trade are not true. According to UNCTAD [United Nations Conference on Trade and Development] chiefs, the poor countries only earn about 415.5 billion from their exports but they will lose $36 billion in importing products from capitalist countries. On top of this, these poor countries still have to pay their foreign debts from multinational banks owned by countries such as the United States, Japan, and Europe. Looking at all these factors, we can understand why the Third World countries continue to be poor and undeveloped.

THE ALTERNATIVE TO GATT:

According to Senator Tanada, the Philippines would still have a place in the international market even if it does not join the GATT. He said that the Philippines can do business with countries that need our products badly. Rafael Mariano of PUMALAG [expansion unknown] believes that GATT or even the World Trade Organization [WTO], an organization of GATT member-countries, is not an organization of economic embargo, which only means that even if a country refuses to join GATT, the WTO will still allow it to do business with other countries worldwide. Rafael Mariano also said that if the Philippines wants to free itself from the control and domination of the bigger and capitalist nations like America, Japan, and Europe, it must register its firm and strong resolve against the treaty. He said that it is not the GATT that is going to save the Philippines from poverty and economic crisis.

REJECT THE GATT

Since a GATT treaty is slated to be considered this year, Tano emphatically said that it is only right for the Filipino people to oppose the GATT's ratification in the Senate. The farmers' organizations have a very strong call opposing GATT: "PREVENT AND FIGHT AGAINST THE PHILIPPINES' RATIFICATION OF THE GATT." They are stressing to the Senate the GATT's lack of equity. The Philippine Peasant Institute [PPI] said that in order to avoid GATT's negative implication on small farmers, the government must implement immediate and extensive land reform. If the government is indeed sincere in improving or raising the farmers' pitiful condition, it must also dismantle all the cartels that are controlling the agricultural market and impose heavy punishment on all members. According to the PPI, the government has to increase funding for the agricultural sector, particularly by securing low-interest and easy loans to aid infrastructure, irrigation, post-harvest facilities, and many others. The Grains Protection Enhancement Program [GPEP] orientation should be reviewed or changed to ensure food stability and to maintain the present acreage for rice and corn, and develop them through irrigation and other infrastructure support. The government must also give additional incentives for rural industries that have direct involvement with the agricultural sector and give priority to the industries that are processing the communities' produce, and to those that are responding to the area's basic needs. The PPI suggested that the government must ensure farmers' full participation in committees or in Local Government Unit councils that are particularly involved in development programs and issues. One of the PPI's recommendations is for the government to renew its negotiating processes on international trade and to emphasize entering into trade agreements that provide the Philippines fair equity. It is only right that the Philippines cut the chain that has completely tied it to traditional markets like the United States, which has not really given favorable conditions for our products. According to the PPI, it is about time that the Philippines enter into bilateral or regional trade arrangements which put our country in a stronger, fairer, and more equitable position.

Security Measures Tighten for Papal Visit

Ramos Assures Safety of Pope

BK1101104595 Quezon City PTV-4 Television Network in English 0646 GMT 11 Jan 95

[Weekly news conference by President Ramos with domestic and foreign correspondents at Malacanang Palace in Manila—live]

[FBIS Transcribed Excerpt] [passage omitted] [Ramos] Ladies and gentlemen. First of all, let me issue my personal statement on the occasion of the visit of His Holiness Pope John Paul II, who comes to the Philippines at about 3 o'clock tomorrow afternoon. And I would like to read this statement in full.

As Filipinos and Christians, my family and I are deeply moved by the Holy Father's choice of the Philippines as the venue for World Youth Day and for this cherished opportunity to welcome His Holiness on his second visit to our country. This is for us an event of great joy and for which we are profoundly grateful.

Roman Catholicism, the faith so fervently professed by the majority of our countrymen, has been an enduring and integral aspect of Filipino history, culture, and tradition. The profound association between our nation and the Roman Catholic Church has evolved and maintained its vitality over the centuries in response to the needs of each emergent generation of Filipinos.

I am also inspired by Pope John Paul II's deep personal commitment to the expansion of peace in the world, to ecumenism, to the youth who are our future, and to the mission of addressing the ethical and moral problems confronting modern society.

From these perspectives therefore, I appreciate the opportunity of meeting for a second time with Pope John Paul II. I recall our previous meeting in Castel Gandolfo last September, during which I was deeply impressed by his wisdom, his sincerity, and his dedication.

Okey? Any questions?

While you are pondering over your next question, may I just give you the advance information that we are putting out Volume 4 of our speeches and major policies statements. This is entitled From Growth to Modernization. And it has some statements pertaining to the Pope and pictures with the Pope, as well as the entire gamut of policy statements and initiatives that we did in 1994. I'm sorry we cannot give you a copy right now because the first copy is reserved for the Pope. Okey, thank you very much.

[Press Secretary Jesus Sison] Questions? Maria Ressa.

[CNN Correspondent Maria Ressa] Mr. President, this morning the U.S. Embassy released a statement about security on board United States' airlines. What are the security concerns regarding the Pope's visit?

[Ramos] Well, let me just talk about our security concerns without any relation to the statement of the United States' airlines because this is a matter of continuing concern to us. In fact, since day one of the announcement of the choice of the Philippines as the venue for the Pope's visit in early 1995, we have been doing all the necessary preparatory steps to receive him properly and safely in the Philippines. And this includes security, protocol, of course, the pastoral aspects of his visit in collaboration with Catholic Bishops Conference of the Philippines, as well as the substantive issues that we shall be discussing in his capacity as head of state and head of a delegation of the Holy See.

In terms of security, I think it has been properly reported to the media by the Philippine National Police that certain threats have been uncovered, a couple of people have been arrested with incriminating evidence. And I commend our national police, intelligence and security agencies for doing their job. And we have assured the Holy Father and his delegation, and all his admirers, supporters, friends all over the world, including our countrymen in the Philippines that the Holy Father will be safe during his visit in the Philippines.

[Ressa] Thank you.

[Sison] Linda.

[Correspondent Linda] Sir, good afternoon. Just to elaborate on the question. There's a statement from the U.S. State Department that the U.S. Government has received information from Philippine authorities on reported bomb threats directed at U.S.-flagged airlines flying to and from points in the Pacific. Sir, has this information been relayed to you? And, may we know of any security measures?

[Ramos] Well, this is part of our security collaboration all over the world, we have such a network. There's also another network that is in operation, this is the Interpol, the ICPO, it's formally called the International Criminal Police Organization, which counts on the Philippines as one of its most effective members. And we have our own network in ASEAN, the Aseanapol, ASEAN National Chiefs of Police Organization, etcetera, etcetera.

[Linda] Sir, has this information been confirmed by Philippine authorities? Is this related to the Pope's visit?

[Ramos] I don't have all the information. These matters need a lot of networking. But again, I repeat my previous statement about the safety and security of the Holy Father here.

[Linda] Thank you, sir. [passage omitted]

Suspected 'Terrorists' Arrested

BK1001064195 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 10 Jan 95

[FBIS Translated Text] Three foreigners suspected as terrorists were arrested by police authorities in connection with security measures implemented for the papal visit to the country. The suspects, who are all Pakistani nationals, were arrested by the operatives of the Western Police District [WPD] at the Dona Josefa Building in Malate, Manila. Three bombs were confiscated from the suspects; they were allegedly to be used in spreading violence during the papal visit. The suspects are currently being detained at the WPD headquarters and are being carefully interrogated.

In addition, police are investigating reports that several foreign terrorists have already entered the country. These terrorists are said to have disguised themselves as students who will participate in the celebration of the World Youth Day. Police are also verifying reports that several members of the Abu Sayyaf group have entered Manila to spread violence during the papal visit. PNP [Philippine National Police] Chief Recarido Sarmiento denies these reports and says they are only rumors, the handiwork of those whose aims are to spread fear among the public. Nevertheless, he gave an assurance that the full force of the police is ready to respond to any situation or any violence the terrorists are responsible for during the papal visit.

Pakistani 'Terrorist' Identified

BK1101021595 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 10 Jan 95

[FBIS Translated Text] A Muslim extremist, suspected to be an assailant of Pope John Paul II, has been arrested by vigilant Western Police District officers. The suspect has been identified as Said Ahmed, a Pakistani national, who eluded immigration agents at the Ninoy Aquino International Airport last Thursday [5 January]. The 26-year old Ahmed was arrested while making bombs in a rented apartment at Quirino Avenue in Malate. The police confiscated four time bombs, seven timing devices, several Bibles, a priest's robe, and a big picture of the Pope. The companion of the suspect, identified as Najee Haded, escaped during the police raid on the sixth floor of the apartment of the Josefa Building and is currently being hunted by the authorities. The raid and the arrest of Ahmed were confirmed last night by witnesses who live in the said apartment.

Following the arrest of Ahmed, who according to police sources is an international terrorist, 15 more potential assailants of the Pope are being hunted by the government. These include four Turkish nationals who are alleged to have already entered the country and are ready to kill the Pope. According to some sources from Mindanao and the military, the four are disguised as priests. They had been involved in the attempt to assassinate the Pope in 1981 at St. Peter's Square. The four are identified as Omar Bagci, Abdullah Catli, Bral Celik, and Musa Sedar Selibi.

According to reports, the four arrived in Basilan last October and are alleged to have passed through Zamboanga, Dipolog, and Cebu before going on to Manila. Several church sources were confident that the four would be identified because they do not have travel papers and recommendations from any bishop for the papal visit.

Senator Alleges Smuggled Arms Came From Vietnam

BK1001140395 Quezon City PTV-4 Television Network in Tagalog 0500 GMT 10 Jan 95

[FBIS Translated Text] Senator Santanina Rasul has criticized the police and the military for failing to conduct an accurate investigation of the reported smuggling of arms into Lanao del Sur last October. Despite the call she made on 5 December, the people behind the arms smuggling have still not been identified. The arms, said to be destined for the Abu Sayyaf, included mortars, machine guns, recoilless rifles, B-40 rockets, and assorted rifles. Rasul said the MNLF [Moro National Liberation Front] admitted that Muslim politicians and Mindanao-based military officials were involved in the arms smuggling. The arms came from Vietnam, contrary to the military's intelligence information.

* Improvement Seen in Philippine Stock Market

95SE0050A Jakarta BISNIS INDONESIA in Indonesian 21 Nov 94 p 5

[Article by Robert J. Han: "Philippine Exchange Reviving"]

[FBIS Translated Text] At the end of 1993, the Philippine Stock Exchange (PSE) had a market capitalization of $39 billion (about 84 trillion rupiah), or a little more than in Indonesia (Jakarta Stock Exchange [BEJ]), which had a market capitalization of about 69 trillion rupiah.

It is expected that the market capitalization of the Philippine exchange will be about $60 billion (about 129 trillion rupiah) at the end of 1994, an increase of about 54 percent over 1993. During that period, market capitalization on the BEJ is expected to be about 130 trillion rupiah, an increase of about 88 percent.

This projection, made by a prominent securities firm ("Baring forecast"), appears to be a reflection of the Philippine economic recovery that began after Fidel Ramos took leadership.

That country once had one of the largest [per capita] GNP in Southeast Asia, but the GNP declined because of political unrest and rebellions. In 1980, its GNP was about the same as Thailand's, but by the end of 1990 it had fallen to a third of Thailand's, which was $1,420. At the end of 1993, the Philippine GNP was still $770, while Thailand's had risen to $1,840.

In 1993, daily stock trades on the Philippine exchange amounted to $25 million (about 54 billion rupiah), far less than on the BEJ (about $41 million). The size of that daily turnover in the Philippines appeared to reflect the fact that Philippine investors were relatively active in investing on the stock exchange.

At the end of 1993, the average P/E [price-to-earnings] ratio on the PSE was 31 to 1, and it is projected to be 27 to 1 by the end of 1994. This average P/E ratio is still a little larger than that of the BEJ, which at the end of 1993 had an average of 29.04 to 1. It was also larger than in Thailand, which in the same period had a P/E ratio of 30.9 to 1.

Also at the end of 1993, average earnings per share (EPS) on the PSE had grown by 19.1 percent, and by the end of 1994 they are expected to grow by 26.2 percent. This is higher than the EPS growth of 2.72 percent on the BEJ in 1993 and the EPS growth of 13.1 percent on the Thai exchange in 1993.

Economic Growth

The Philippines is the only ASEAN country that has not experienced an economic growth miracle like the ones in Malaysia, Thailand, Indonesia, and Singapore. Economic growth in 1993 in the Philippines was about 2.5 percent, and in 1994 it is expected to be 5 percent.

Main Philippine exports are electronic products, integrated circuits, garments, electrical products, and cooking oil. The country's total exports in 1993 were worth $11.37 billion, and in 1994 they are projected to total $14.67 billion. During the same period in 1993, Indonesia's exports totaled $36.8 billion.

Main Philippine imports are petroleum, semiconductors, factory equipment, and textiles. National imports in 1993 totaled $17.59 billion, or $6.2 billion more than its exports. During the same period, Indonesia had more exports ($36.8 billion) than imports, which totaled $26.3 billion.

The country's total debt in 1993 was $34.3 billion, and its debt service ratio in that year was 18.7 percent. During the same period, Indonesia and Thailand had debts of $83 billion and $50.6 billion, respectively, and debt service ratios of 33 percent and 10.8 percent.

The Philippines has a population of 64.3 million and received its independence from the United States in 1946 after being occupied by Japan from 1941 to 1945. Since Fidel Ramos came to power in 1992, the country has been steadily conducting deregulation in various sectors. This is being done to increase growth of the country's GNP, expand exports, and strengthen the peso.

The country is now fighting to bring its foreign trade into balance and to attract foreign investors to make direct or indirect investments. The composite stock index on the PSE skyrocketed by 150 percent in 1993 after being flooded by funds from foreign investors. The Philippine Government is giving close attention to its stock exchange by encouraging many companies to make listings. In fact, in September the largest oil refining company in the country, Petron Corp., went public, and the price of its stock on the secondary board provided a potential gain of 100 percent.

Observers: MNLF Violated Cease-Fire Agreement

BK0901025295 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 8 Jan 95

[FBIS Translated Text] Indonesian military observers revealed that the Armed Forces of the Philippines has not committed any cease-fire violations. This revelation was made in connection with allegations that Philippine troops violated the cease-fire agreements between the government and the MNLF [Moro National Liberation Front]. According to the Indonesian observers, it is the MNLF rebels who violated the cease-fire by carrying arms and initiating shooting with police patrols in areas not covered by the cease-fire agreement. Earlier, the MNLF leader filed a complaint that their defense positions were attacked by troops of the military on 13 and 14 December.

Thailand

Further on Ruling Against U.S. Insurance Firm

BK1001153895 Bangkok KRUNGTHEP THURAKIT in Thai 9 Jan 95 pp 1, 6

[FBIS Translated Text] The Phaisan Insurance Company met with another disappointment when the Juridical Council ruled it is a foreign-owned company and is not qualified for interpretation under Article 115 of the Insurance Law, as requested by the Economic Relations Policy Committee. The Subcommittee on Amending the Thai-U.S. Amity Treaty plans a meeting late this month to sum up all of the problems for the Economic Relations Policy Committee, which will then make a final recommendation on the issue.

A source at the Office of the Juridical Council said the council ruled that the Phaisan Insurance Company cannot open branch offices in Thailand. The council agreed to study the issue after the Economic Relations Policy Committee asked it to interpret Article 115 of the 1992 Insurance Law to determine whether the Phaisan Company is eligible to open branches. It also sought consultations with the Insurance Department. The council will report the result to the Economic Relations Policy Committee soon.

Article 115 of the Provisional Clause of this law does not apply to the Phaisan Insurance Company because it is a foreign-owned company. More than 90 percent of its shares are owned by foreigners, mostly Americans. Besides, the Provisional Clause applies to companies that have offices separate from the head office that operate in the interest of the parent company. Those in this category were permitted to apply to open branches within the first year of the law taking effect.

The Phaisan Insurance Company is not this kind of office. It is only a representative office. The 1967 Insurance Law prohibits foreign companies from opening branch offices that operate separately from the head office, but in fact they already have branches operating discreetly.

Although the company explained that it sought permission to convert from a representative office to a branch within the first year after the act took effect, the Phaisan Insurance Company does not fall under the category defined by Article 115 of the Provisional Clause.

If it wants to open branch offices in Thailand, the company can seek permission from the commerce minister—and thereafter from the cabinet—to open branch offices under Article 7 of the Insurance Law.

Should it receive approval, other foreign companies conducting the same kind of business—there are many in Thailand—may also apply for the same status. This would inevitably affect insurance businesses owned by Thai nationals.

Another option for the Phaisan Insurance Company is to restructure its shareholding and reduce the amount of foreign-owned shares to less than 25 percent of the capital according to Thai law. This is a proper option and does not contradict Thai laws.

Meanwhile, the Commerce Ministry is studying the liberalization of the insurance business. Discussions will be held during the new round of GATT negotiations within the next five years.

Trade in services is an issue that was not settled during the 1993 round of GATT talks because of numerous conflicts. The issue has been sorted out and the World Trade Organization plans to hold negotiations on this trade in April.

There is a report that the Commerce Ministry is considering liberalizing insurance services if there is an agreement during the new round of trade talks. There is a trend toward expanding permits for insurance operations of all kinds. A study will be conducted into the exact figures. This also depends on the policy of Commerce Minister Uthai Phimchaichon.

Tirana Phongmakhaphat, adviser to the deputy prime minister (Suphachai Phanitchaphak), in his capacity as head of the Subcommittee on Amending the Thai-U.S. Amity Treaty, confirmed that the Phaisan Insurance Company's request was being studied by the Juridical Council. The subcommittee plans to hold a meeting late this month to study the result of the ruling. It will forward its own recommendations to the Economic Relations Policy Committee for submission to the cabinet.

The subcommittee previously recommended that the Phaisan Insurance Company should come under the purview of Thai law. This required a judgment by the Juridical Council as to whether the company's status as a branch was proper.

Now that the Juridical Council has ruled that the Phaisan Insurance Company is a foreign company and cannot open branch offices under Thai law, it can be expected that the United States will apply pressure to force Thailand to allow the company to open branch offices. The Thai-U.S. Amity Treaty could be used as a tool in the U.S. negotiations with Thailand on this matter.

Reported Ruling Against U.S. Denied

BK1001100095 Bangkok KRUNGTHEP THURAKIT in Thai 10 Jan 95 p 2

[FBIS Translated Text] The Insurance Department has denied that it knows anything about a ruling against the "Phaisan Insurance Company," which had applied to open branch offices in Thailand. The department has not received any information from the Commerce Ministry to this effect. A source at the department says the ruling should have nothing to do with the operations of six other companies whose cases are generally thought to be the same as the Phaisan Insurance Company.

According to the source, the Insurance Department has not received a report on the ruling by the Juridical Council and the Economic Relations Policy Committee on this matter. If the ruling goes against the Phaisan Insurance Company, six other companies will not be able to open branches in Thailand: The Commercial Union, Guardian Insurance, China Insurance, New Zealand Insurance, and the Simuang Insurance Company. All have more than 25 percent foreign ownership.

"The department had a say in the Phaisan issue because the insurance sector is one of its responsibilities. It still knows nothing about the decision and will have to wait for a report from the Commerce Ministry," the source said.

He noted, however, that the case of the Phaisan Insurance Company should not be mixed up with the six other insurance companies that have more than 25 percent foreign ownership. The case in which the Phaisan Insurance Company is seeking a ruling from the authorities as to whether it can open branch offices here is a unique case. There is an assumption that the other six companies would be subject to the same fate. No ruling would be retroactive, however, and the branch offices that already exist would not have to be closed.

Meanwhile, a source in the insurance business believes there should be no problem as a result of this ruling because most of the insurance companies in question do not specialize in car insurance; therefore, they have no great need for branch offices in the provinces to serve their customers. The Phaisan Company, on the other hand, operates as a broker receiving reinsurance orders. It seldom issues insurance policies by itself. Most of the work is done by the New Hampshire Insurance Company, which is an affiliate of AIA [American International Assurance Company].

"I think that the Phaisan Insurance Company insisted on opening branch offices in Thailand because it wanted assurance for the future if it later decides to concentrate on car insurance, which makes it necessary to open branches throughout the country. Its main business is currently sea cargo, fire, and miscellaneous transportation disasters. I don't understand its real intentions.

"The Bangkok Insurance Company, which mainly handles car insurance, would be the worst affected by any such ruling. It is an affiliate of the Bangkok Bank and has a great need to expand service centers for its customers," the source said.

AIA Representative Offices Lost to Thai Company

BK1101110195 Bangkok THE NATION in English 11 Jan 95 pp B1, B2

[FBIS Transcribed Text] Ayutthaya Life Assurance Plc (Ayuco), Thailand's fourth biggest life insurer, yesterday declared war on American International Assurance Co (AIA), which controls the lion's share of the Thai market, by taking 2 AIA representative offices into its camp. On average, each representative office—which serves as a sales and customer service unit of AIA but is independent of the US firm—has staff of more than 100. AIA has a total of 130 representative offices with more than 20,000 sales representatives in Thailand.

The Ayuco offensive came hot on the heels of a decision by Jardine Group to buy 35 per cent of Ayuco, pending execution of the deal expected some time next month. Ayuco—majority owned by Bank of Ayutthaya and affiliates—expects to gain up to 30 AIA representative offices by year's end, according to Sunthon Bunsai, president of the company, who said they will be turned into Ayuco branches. Ayuco closed unchanged at [Thai baht] Bt222 yesterday with 7,600 shares changing hands. It reported Bt22.6 million in net profit for the first 9 months of 1994, the latest figures available, compared to Bt12.6 million in the same period last year.

Its net premium receipts were Bt852.1 million in the first 9 months of 1994 compared to Bt643.8 million in the same period a year earlier. Last month, Jardine CMG Life Holdings Ltd decided to buy 35 per cent of Ayuco, leaving the Thai major shareholder group with an equal 35 per cent. Small shareholders will control the remainder of the stake.

"Now, two representative offices (of AIA) are in the process of transforming themselves to be our full branches," said Sunthon. Ayuco has 70 branches nationwide; the company expects to expand to 100 branches by luring the competitor's sales units.

Sunthon, the former vice president for administration of AIA, claimed that the company last year was very successful in wooing many AIA underwriters to work for Ayuco. AIA is not allowed to operate more than one branch office in Thailand so it has built a nationwide network of representative offices which serve as the company's sales and service arm. These rep offices are owned separately.

"Negotiations with the insurance representative offices are going on; they are coming to us and we propose a bigger benefit for them," he told the press conference at his head office on Phloenchit Road. There are about 130 insurance representative offices nationwide and most of them want to be upgraded to insurance branches which AIA, as a company prohibited by the Life Insurance Act BE [Buddhist Era] 2535 (1992), could not provide them.

"We, or any other Thai company, have the right to do that because it is not contrary to the law and it does help the country as the whole," he said. But if the company fails to woo the representative offices, Ayuco will open our own branches, Sunthon said.

"We are also preparing to launch new products aimed at office workers, so we could say that we are very aggressive in both product design and expanding the market," he said.

The company plans to increase its registered capital from Bt100 to Bt210 million by selling five million shares at Bt186 each to Jardine CMG Limited, five million to present Ayuco shareholders at 2:1 with par value, and one million to employees in April.

Ayuco's total assets at the end of this year are forecast to reach Bt5 billion, from about Bt4 billion, Sunthon said.

Moreover, the company has sent an urgent letter to request a final decision from Jardine Metheson Group about investing in the company, and it is expecting the decision will come during February.

The details have already been worked out. Jardine CMG Life Limited, a holding company, will hold 35 per cent of Ayuca shares and 35 per cent will be held by Ayuco [sentence as published]. The rest will be held by minority share holders.

"We expect to invest about Bt700-800 million this year," he said.

Ayuco's first year premium, the growth indicator, to November was Bt391.1 million, representing a 47.28 per cent increase from the same period last year, while the total premiums received were Bt1.08 billion or 33.78 per cent up.

The total first year premium for the whole life insurance business last year was Bt9.8 billion. AIA had Bt4.9 billion with the rest gained by 11 Thai life operators while the total premiums last year were Bt36.3 billion. AIA obtained Bt18.2 billion.

Sunthon said AIA has a market share of first year premiums of 50.29 per cent and its total market share was 50.29 per cent. He urged 11 Thai companies to expand the market in Bangkok which is controlled by AIA who specialize in the upper market where the most money is, but the Thai sides specialize in the lower end of the market and the provinces.

Deputy Commerce Minister Meets U.S. Officials

BK1101042695 Bangkok Radio Thailand Network in Thai 0000 GMT 11 Jan 95

[FBIS Translated Text] The Ministry of Commerce is asking the United States to quickly remove Thailand from the U.S. watch list, or WL, following the U.S. removal of Thailand from its priority watch list, or PWL. The request is being made on the grounds that Thailand has made satisfactory progress in suppressing copyright violations.

Chaiyot Sasomsap, deputy minister of commerce, reported his meeting with the delegation of senior officials of the ASEAN-U.S. business sector in Bangkok yesterday. He said that the two sides discussed cooperation in the promotion of trade between Thailand and the United States so as to pave the way for greater cooperation between them. The Thai side asked the United States to consider reissuing generalized special preferences, or GSP, to all the 16 items of Thai goods. On this, the U.S. officials asked for more time until the law is passed by the U.S. Congress.

Moreover, the United States asked about progress on the revision of the Thai-U.S. Treaty of Amity, which has been in effect for more than 20 years, in compliance with the commitment made by both sides. The Thai Commerce Ministry deemed it appropriate to revise the treaty as the situation has changed. The new version must be acceptable to both sides and must be better than the old version. Regarding this, the Commerce Ministry has instructed the Insurance Department to look at the treaty on Thai-U.S. economic relations and friendship and make it clear and in line with its real objectives.

Cabinet Decides on MP's Extradition to U.S.

BK1101102995 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 10 Jan 95

[FBIS Translated Text] The cabinet has made a decision concerning the U.S. request for an extradition of former member of parliament Thanong Siriprichaphong, wanted for court trial in the United States—the cabinet decided to have the public prosecutor file charges against him so the court can rule on the case on behalf of the cabinet. Prime Minister Chuan Likphai said that agencies concerned were unable to reach a consensus on Thanong's extradition. The cabinet therefore passes the case on to the court to rule on it. The public prosecutor will file a lawsuit, and the court ruling will be used as a precedent in similar cases. There are about 20 other people charged with drug trafficking and wanted by the United States to stand trial there.

U.S. Business Mission Visits for Airport Bidding

BK1001154095 Bangkok BANGKOK POST in English 10 Jan 95 p 19

[FBIS Transcribed Text] The United States Strategic Business Development Mission is visiting Thailand to explore business and technology development opportunities here. The mission will also visit other Southeast Asian countries.

While paying a courtesy call on Deputy Prime Minister Banyat Banthatthan, the mission, led by its leader, Robert Driscoll, chairman of the US-ASEAN Business and Technology Council, called on the Thai Government to give fair treatment to US firms bidding for the contract to design the Nong Ngu Hao Airport passenger terminal.

The US consortium Murphy Jahn-Tamms has been ranked first in the bidding and is expected to obtain the contract from the Airports Authority of Thailand. However, after being heavily lobbied by France's Aeroports de Paris, ranked second, Deputy Transport and Communications Minister Det Bunlong last week ordered an urgent halt to the bidding process.

The mission expressed confidence in the Thai economy and its high potential, and was optimistic that US firms would be significant players in Thailand's future economic growth.

Mr Banyat told the mission that the timing was right for foreign firms to invest in Southeast Asia, because it is growing rapidly in economic terms which has caused increasing demand for high technology.

Mr Banyat thanked the US Government for taking Thailand off the Priority Watch List and said he hoped that Washington would return Generalised System of Preferences privileges to the kingdom soon.

Government Not To Return Sin Song to Cambodia

BK1001134295 Bangkok Radio Thailand Network in Thai 1200 GMT 10 Jan 95

[FBIS Translated Text] Briefing the press after the cabinet meeting, Prime Minister Chuan Likphai said the cabinet had decided not to send General Sin Song back to Cambodia as requested. He will be allowed to stay in Thailand temporarily while seeking asylum in a third country.

[Begin recording] [Chuan] The cabinet agreed with the Foreign Ministry proposal that the charges cited by Cambodia for the extradition of General Sin Song were political offenses. So, we will not extradite him as requested by Cambodia. This is in line with our laws. Moreover, we do not have an extradition agreement with Cambodia.

[Unidentified correspondent] Does the government have to explain the decision to the Cambodian Government?

[Chuan] The Foreign Ministry will inform the Cambodian Government of the Thai Government's decision. [end recording]

New Border Committee Formed With Cambodia

BK1101054295 Bangkok BANGKOK POST in English 11 Jan 95 p 8

[FBIS Transcribed Text] Aranyaprathet—Cambodian Defence Minister Tie Banh yesterday set up a border committee to coordinate with Thailand on strengthening border relations, sources said.

The Cambodian-Thai Border Coordination Office was set up as a counterpart of the Thai body headquartered in this district on the Thai-Cambodian border.

The committee first met in Phnom Penh yesterday with Thai representatives from the Supreme Command led by Col Ongkon Thongprasom, deputy chief of the Thai-Cambodian Border Coordination Office.

The Thai officers were taking part in the talks to help their Cambodian counterparts set up the new structure, the sources said.

The new structure will pave the way for the Cambodian Defence Ministry to have the authority to resolve border problems with Thailand compared with the old structure, they said.

The office will take over the old border committee which was controlled by Cambodian governors and regional army commanders who had no power to make decisions without prior government approval, the sources added.

The old structure had caused a number of setbacks when having [illegible] deal with issues of economy trade, investment and security along the border, the sources pointed out.

Chuan, UK's Clarke Discuss Economic Relations

BK1001140195 Bangkok THE NATION in English 10 Jan 95 p A7

[FBIS Transcribed Text] British Chancellor of the Exchequer Kenneth Clarke yesterday issued an invitation to Prime Minister Chuan Likphai to visit Britain on behalf of British Prime Minister John Major.

The invitation underlined Britain's interest in fostering a major business and commercial relationship with Thailand, which Clarke described as one of Southeast Asia's most dynamic economies.

Yesterday he called on Chuan, Transport and Communications Minister Wichit Suraphongchai and Commerce Minister Uthai Phimchaichon for discussions on mutual interests, primarily privatization and liberalization of financial services in Thailand.

Clarke, the minister in charge of the British Treasury, was accompanied by a senior delegation from the financial, energy and industrial sectors. He told Chuan that he was interested in Thailand's economic growth and the process of democratization. He drew similarities between the two countries, pointing to the similar size of their populations and the fact both are undergoing rapid economic growth.

The British economy was expected to grow by four per cent this year, compared with an expected eight per cent for Thailand, he said. British companies were the fifth largest investors in Thailand, far more than any European country.

The Clarke delegation is particularly interested in seeing more British participation in the privatization of the power, telecommunications and financial service sectors in Thailand, pointing to the British experience in privatization and its highly developed financial sector. He said British companies were looking forward to participating in the independent power producers programme.

British financial institutions would like a broader presence in the Thai financial market through the process of financial services liberalization and British companies were keen on participating in telecom sectors.

Clarke urged authorities to further liberalize the financial services sector, a move he said would further Thai ambitions be become a regional financial centre. He said he did not want Hong Kong or Singapore to be the only financial centres but wanted all the countries in Southeast Asia to move in the same direction and open up their financial market to foreign competition.

This would strengthen the financial industry and stimulate economic growth, he said.

Clarke urged Thai companies to seek listing on the London stock exchange which, unlike New York or Japan, was a truly international market, he said.

Clarke Meets Bank Governor Wichit

BK1101055495 Bangkok BANGKOK POST in English 11 Jan 95 p 19

[FBIS Transcribed Text] Britain would like Thailand to open its banking and insurance markets to foreign investors under the terms of the General Agreement on Trade in Services, says Kenneth Clarke, Chancellor of the Exchequer. British companies, he said, are eagerly awaiting the Thai Finance Ministry's blueprint for financial liberalisation, now being developed. In Mr Clarke's view, Kuala Lumpur and Bangkok are among the cities that have the potential to develop into regional financial centres.

Bank of Thailand Governor Wichit Suphinit acknowledged that British bankers have requested Thailand to speed up financial liberalisation so that they could play more roles in the Thai financial industry. Mr Wichit met with Mr Clarke yesterday before the latter left for Vietnam to continue his Asian visit. The governor told Mr Clarke that Thailand has actually done more than other countries in terms of financial liberalisation, and in less time than expected.

Deputy Commerce Minister Chaiyot Sasomsap added that Britain wants Thailand to increase the maximum foreign stake in Thai insurance companies from 25 percent.

The Commerce Ministry is considering liberalisation of the insurance market and the outcome will be announced soon, he said. A foreign life insurer with a stake of less than 25 percent in a company has more than 50 percent of the market in Thailand. So the success of a company does not depend on the percentage of foreign investment, said Mr Chaiyot.

British companies are also said to be excited by the opportunities in the telecommunications and power sectors. The Communications Authority of Thailand has entered into ventures with the private sector, and British companies are watching for opportunities, as the industry moves from one dominated by monopolies to a gently regulated system.

National Power and Powergen, along with construction companies such as George Wimpey are interested in participating as part of consortia in Thailand's Independent Power Producer (IPP) programme.

Powergen, which operates its own power stations in Britain, has been talking to potential Thai partners in order to put in an IPP bid by June, said Alf Roberts, the company's executive director for commercial affairs. It will not be a part of the same consortium as National Power, as these companies are competitors.

Mr Roberts explained that unlike Japanese companies such as Mitsui, which is also bidding for an IPP project, Powergen is not a manufacturer of equipment.

"Our meetings with the Thai prime minister and his colleagues have given the delegation an understanding of the level of commitment to the process of privatisation in Thailand, and the government's determination."

Vietnam

U.S. Official on Opening of U.S. Liaison Office

BK1001140595 Hanoi Voice of Vietnam in English 1000 GMT 10 Jan 95

[FBIS Transcribed Text] Vietnam and the United States are reported to have finalized technical details paving the way for the opening of liaison offices in both national capitals. And Winston Lord, assistant to the United States' state secretary, predicts they will be opened at the end of this month. According to U.S. officials, the American liaison office in Vietnam will look after dozens of United States business companies which have established representative offices in Vietnam as well as continue their work on the Missing in Action or MIA issue.

Commentary Reviews Relations With PRC

BK1101104895 Hanoi Voice of Vietnam in English 1000 GMT 10 Jan 95

[Station commentary]

[FBIS Transcribed Text] The official visit to Vietnam by Jiang Zemin, general secretary of the Chinese Communist Party and the president of China, in November was listed as one of the top ten events in the world by major international news agencies. It was the highest peak of relations between Vietnam and China in 1994. Here is our radio editor's review:

Since November 1991, when leaders of the two countries reopened dialogue, a new page was opened for friendly and cooperative relations between the neighboring countries. Vietnam and China, particularly last year, took new steps in consolidating bilateral relations. They have gradually forged links in many fields. Over 20 cooperation agreements have been signed and effectively carried out. Two-way trade turnover reached $600 million. Last year, China invested in 20 projects in Vietnam, totally capitalized at $16 million. China established an investment bank to encourage overseas investment, particularly in Vietnam.

When Vietnamese Deputy Prime Minister Phan Van Khai visited China in October last year, China committed a loan of $170 million to Vietnam to improve the Thai Nguyen Iron and Steel Complex north of Hanoi. Other Chinese-assisted projects in Vietnam, such as the Ha Bac fertilizer factory and the 8 March Textile Mill, will be extended and developed in the framework of bilateral relations.

Worthy of note was that the three international border gates last year of Mong Cai, Huu Nghi, and Hoanh Mo were opened, which created favorable conditions for bilateral trade and economic cooperation. The vacuum and tense atmosphere on the Vietnam-China border in the past has now been replaced by a bustling trading atmosphere; and in the future, important communication lines will be developed and contribute effectively to that cooperation.

In 1994 many trade fairs and exhibitions were held in both Beijing and Hanoi. Chinese traditional goods and technology returned to Vietnam after many years of absence. Political relations between Vietnam and China improved. High-level visits were exchanged in which the visit to Vietnam by Chinese President Jiang Zemin was the most important. During this visit, the two sides signed three government-level agreements on trade, economic, and technological cooperation. President Jiang Zemin said in Hanoi that he had gained a deep impression about Vietnamese people. Moreover, he discussed with Vietnamese leaders relations not only for the present and the immediate future, but also for the 21st century. He said that China had a consistent policy to consolidate and develop friendship and cooperation between the two countries.

Relations between Vietnam and China are developing. They both have a large individual potential. However, it was admitted that bilateral joint venture projects still fail to meet the aspirations of both sides. At present, China ranks 30th in terms of foreign investment in Vietnam. President Jiang Zemin said to further develop relations, it was necessary to have a broad and general view. Vietnam shares this view with China and hopes that bilateral relations will enter a new era, meeting aspirations for prosperity and integration into the modern world. It is a relationship leading toward the 21st century and the future.

Full Membership in ASEAN 'Expected'

BK1101142395 Hanoi Voice of Vietnam in English 1000 GMT 11 Jan 95

[Station Commentary]

[FBIS Transcribed Text] Thai officials say Vietnam will be invited as a guest to the ASEAN Summit to be held at the end of this year in Bangkok. Our editor in charge of Vietnam-ASEAN relations has the following comments:

The invitation for the ASEAN Summit was agreed on at a ASEAN conference in Bangkok. It is expected Vietnam will be formally admitted to ASEAN at the foreign ministerial meeting to be held in Brunei in July. So at the ASEAN Summit in December, Vietnam will participate as an official member.

Vietnam is carrying out successfully the policy of overall renovation characterized by diversification and multilateralization responding to world trend. Vietnam is taking an all out effort to become a powerful and prosperous nation that soon can integrate into the world community. But it is essential to integrate into the region before that and establish trustworthy cooperation with neighboring countries. Vietnam always deems Southeast Asia as a priority in its external relations. The country is already strengthening friendship and cooperative ties with ASEAN, gaining experience from each country to build Vietnam into a powerful and prosperous nation with a fair and civilized society.

Vietnam's external relations policy was clearly spelled out in the four-point statement made by Party General Secretary Do Muoi in Bangkok in 1993. Vietnam has been gradually merging itself into Southeast Asia structure in signing the Bali Treaty in 1992 and then becoming an ASEAN observer in 1993. Vietnam then joined several ASEAN cultural and economic committees and projects. By July last year, Vietnamese Foreign Minister Nguyen Manh Cam was taking part in the ASEAN foreign ministers conference held in Bangkok as an observer. It was there Vietnam was officially invited to join the bloc. Foreign Minister Nguyen Manh Cam said Vietnam will be actively preparing to become a full member of the ASEAN. Vietnam's eventual admission to ASEAN has been welcomed by each member.

At the 1994 Bangkok meeting of the ASEAN foreign ministers, Thailand as chairman described Vietnam joining of ASEAN as a vivid manifestation of the passion of the bloc. The Philippine foreign minister said Vietnam's membership was more matter of time and procedure than principle and policy. ASEAN acknowledges Vietnam's role and position in promoting peace, stability, security, and cooperation in the region. This also constitutes the Vietnamese people's aspirations to development and prosperity in the region.

British Chancellor of Exchequer Arrives for Visit

BK1101121595 Hanoi Voice of Vietnam in English 1000 GMT 11 Jan 95

[FBIS Transcribed Text] Britain's Chancellor of Exchequer Kenneth Clarke arrived in Hanoi on Tuesday for a two-day visit which would pave the way for British assistance in setting up Vietnam's first capital market.

During the trips to Hanoi and Ho Chi Minh City, the delegation is scheduled to meet top Vietnamese leaders. The high level meetings could lead to British business and industry stepping in to lend Vietnam assistance and founding its first stock exchange as well as developing other financial markets.

Prime Minister Issues Decree on Idustrial Zones

BK1001134995 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 10 Jan 95

[FBIS Translated Text] On 28 December 1994, the prime minister signed Decree No. 192-CP, which stipulates regulations for industrial zones. The industrial zones mentioned in the decree are centralized industrial zones established by the government with specific boundaries and containing industrial production output establishments and related services. The zones are not meant for residential purposes. The industrial zones will house production establishments with foreign investment capital, Vietnamese production establishments from various economic sectors, and possibly processing areas or processing enterprises.

As soon as the regulations were issued, the government decided to set up industrial zones in Haiphong and in Long Binh, Dong Nai Province.

Prime Minister on Government Advertising Decree

BK1101102895 Hanoi VNA in English 1208 GMT 10 Jan 95

[FBIS Transcribed Text] Hanoi VNA Jan. 10—Prime Minister Vo Van Kiet has just endorsed a government decree on advertising in an effort to create favourable conditions for enterprises and individuals of all economic sectors to promote their production, business and services, as well as social and cultural activities.

The decree is also designed to protect consumers' rights, and natural environment, maintain security and social order, and preserve national characteristics.

The decree, which consists of seven chapters and 27 articles and takes effect immediately, stipulates the means, and forms of advertisement, requirements, bans as well as punishments used in case of violating the stipulations.

The Ministry of Culture and Information is the state agency responsible for managing advertising activities national wide, the decree further stipulates.

Radio Reviews Vietnam's 1994 Social Situation

BK1101110095 Hanoi Voice of Vietnam in English 1000 GMT 10 Jan 95

[FBIS Transcribed Text] Vietnam switched from a centrally-commanded economy to market-oriented economy more than five years ago. The change has brought about strong development of Vietnam economy of all sectors. It is obvious that living conditions of Vietnamese people have much improved since then, particularly in big cities like Hanoi, Ho Chi Minh City, Haiphong, and Quang Nam-Danang. Living conditions for ethnic people in particular also saw great improvement in 1994. The number of well-off households increased quickly compared to previous years.

Although Vietnam faced many difficulties, it attempted in 1994 to reform its medical network especially at the grassroots health care level. During the year more than 300 first-aid stations of commune level were set up. National programs on anti-malaria, goiter, and extended immunization among children under five years of age were reported as widely implemented. As a result, Vietnam population growth rate was reduced remarkedly and people's longevity is increasing.

An anti-social evil campaign was carried out in combination with severe administration sanctions. By now more than 50 per cent of communes have electricity. With support from the government, the material and spiritual life of rural people have been much improved. The drive to eliminate famine and alleviate poverty was launched throughout Vietnam. The motto the have helps the have not has worked with people in great difficulties, particularly with national disaster victims. They were helped by the nation to stabilize their lives.

During the 50th anniversary of the Vietnam People's Army on 22 December, many Vietnamese mothers were awarded the title Heroic Mother for their contributions to the cause of national liberation, and for the sacrifices of their husbands, sons, and daughters.

Providing jobs was the primary objective of the Vietnamese government as laid down in the strategies for economics, civilization, and development until the year 2000. In 1994, 1.2 million people were given jobs while 350 billion dongs were spent in generating the jobs. And last year, nearly 100,000 people were sent abroad to work as guest workers. Vice Minister of Labor Nguyen Luong Trao talked about a job providing scheme from 1995:

[Begin Nguyen Luong Trao recording in Vietnamese fading into English translation] Entering 1995 and the following years, Vietnam will focus on providing jobs. We will try to reduce the unemployment rate and prepare the work force to meet the country economic development till the end of the century. On the other hand, we will try to integrate different programs together so that more people will have jobs. There will be also programs to persuade people to go to new economic zones. The development rate together with expanding investment will help provide jobs to tens of thousand of people especially those in urban areas. It will have double-sided effect of combating social evils. [end recording]

VNA Reviews Food Production in 1994

BK1101104095 Hanoi VNA in English 1400 GMT 10 Jan 95

[FBIS Transcribed Text] Hanoi VNA Jan. 10—Vietnam exported 2.2 million tonnes of rice in 1994, despite natural calamities throughout the country, as against 1.5 million tonnes in 1993, ranking the third biggest rice exporter in the world after Thailand and the United States.

The country's food output has increased remarkably over recent years. It reached 24 million tonnes in 1993 and 26 million tonnes in 1994, as against 13.5 million tonnes in 1976, the first year of national reunification and of implementing socio-economic development plan on national scale. Of the 1994 figure, rice output amounted to over 23.5 million tonnes, doubling the 1976 figure, and subsidiary food crops increased to 2.3 million tonnes from 1.6 million tonnes in paddy equivalence in 1976. As a result, although the Vietnamese population had increased by 24 million compared with 1976, the per capita food output raised to 359.4 kg per year, or 84 kg more than the 1976 figure.

The most important reason for the increase is the introduction of a range of new policies to reform the country's agricultural economy. Notably the ones to take farmer household as an autonomous production unit, and develop all economic sectors in agricultural production. These policies encouraged 11 million farmer households throughout the country to promote production. On the other hand, some advanced techniques of rice planting were applied. Thanks to these efforts, the cultivated rice area was expanded to nearly 6.5 million hectares [ha] in 1994 from 5.7 million hectares in 1985, and rice yield increased to nearly 3.6 tonnes/ha/crop in 1994, up by about 1.6 tonnes over the 1985 figure.

Vietnam now has 33 million hectares of natural land, of them seven million hectares of cultivated land including 4.2 million hectares for rice farming. In the coming years, agricultural area is expected to be expanded to around 9 million hectares including 4.7 million hectares for rice farming.

The country's food output is expected to reach 29-30 million tonnes (including 25-26 million tonnes of rice) by 2000. To achieve these goals, attention must be paid to intensive farming in order to increase rice yield from nearly 3.6 tonnes/ha/crop to about 4.0-4.5 tonnes/ha/crop by the year 2000.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735,or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.